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Gorbachev to Meet Reagan and Bush

Europe Sees Promise of Momentum in Diplomacy During Transition

By Joseph Fitchett International Herald Tribune PARIS — The news of a surprise meeting of Mikhail S. Gorbachev...

It was unclear whether the meeting would produce any movement on East-West issues such as arms control or human rights in the Soviet Union...

U.S. Says Offer to Visit 'Came Out of the Blue'

By Elaine Sciolino New York Times Service

WASHINGTON — The decision of Mikhail S. Gorbachev to visit the United Nations early next month was unexpectedly sprung on the Reagan administration...

India Seeking Carbide Aides

BHOJAL, India (UPI) — A judge issued arrest warrants Tuesday for two officials of Union Carbide Corp. and the U.S. multinational company's former chairman...

Antal Dorati, composer and conductor, dies in Switzerland at 82.

General News In South Africa, a final ruling nears in the nation's longest political trial.

Business/Finance The EC may scale back an ambitious plan to open up the life insurance market in the community.

Down Close The Dollar in New York's DM 1.7428

Assistante CTEUR GENERAL



In First Test, Soviet Shuttle Orbits Earth and Lands

The world's most powerful booster rocket blasting off its launching pad Tuesday at the Baikonur space center in Soviet central Asia, lifting the space shuttle Buran into orbit on its first test flight...

Namibia Independence Is Nearer After Agreement at Geneva Talks

By David B. Ottaway Washington Post Service

WASHINGTON — Negotiators from the United States, South Africa, Cuba and Angola announced in Geneva on Tuesday that they had reached agreement in principle on a plan linking independence for the South African-ruled territory known as Namibia with the phased withdrawal of 52,000 Cuban troops from Angola.

China Arms Stockpiling Worries Thais' Allies

By Michael Richardson International Herald Tribune

SINGAPORE — A plan to stockpile Chinese arms in Thailand is seen by several countries in Southeast Asia as an unwelcome means of expanding and entrenching Beijing's influence in the region...

Arafat Challenges U.S. To New Peace Initiative After PLO Declares State

By Alan Cowell New York Times Service

ALGIERS — Hours after declaring an independent Palestinian state in Israeli-occupied territories, Yasser Arafat, chairman of the Palestine Liberation Organization, said Tuesday that the responsibility now lay with the United States to revive stalled Middle East peace efforts.

ON PAGE 4 For 24 years, Palestinians had stubbornly refused to accept Israel's existence.

Mr. Arafat was speaking after a four-day meeting of the Palestine National Council — which the PLO consider to be a parliament in exile — that sought to fill the void by declaring an independent state.

PLO's Step Is Rejected By Israel

By Joel Brinkley New York Times Service

JERUSALEM — Israel dismissed Palestine National Council's declaration of a Palestinian state on Tuesday as irrelevant and unimportant, while Palestinians in the occupied territories barely seemed to take note of it.

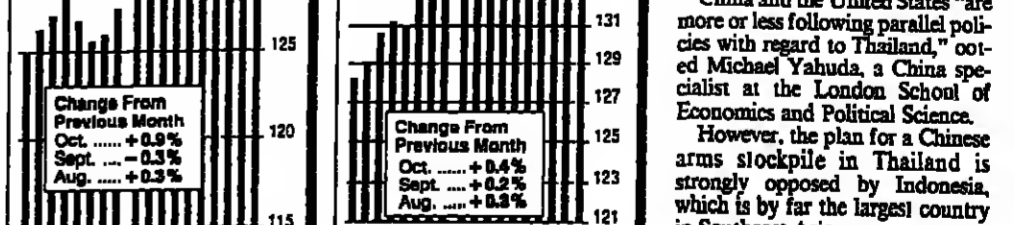
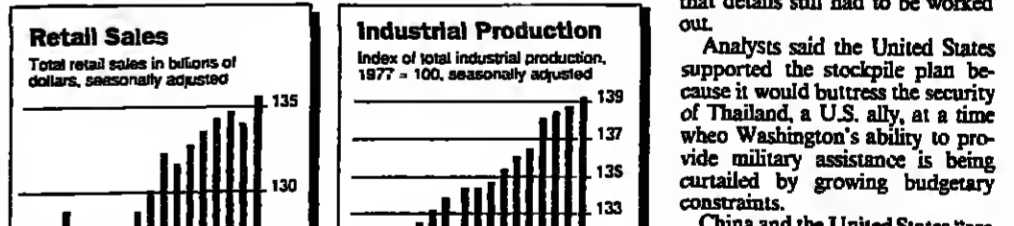
In Ramallah, an army colonel whose men were patrolling largely empty streets at midday called his commander at headquarters and reported that "we are bored here."

Foreign Minister Shimon Peres said of the declaration: "It's another attempt to avoid the need to make unequivocal decisions."

China Arms Stockpiling Worries Thais' Allies (continued)

Analysis said the United States supported the stockpile plan because it would buttress the security of Thailand, a U.S. ally, at a time when Washington's ability to provide military assistance is being curtailed by growing budgetary constraints.

Cholesterol in the blood is a primary cause of the progressive blocking. The researchers tested the patients in the study both for total cholesterol, and for low-density lipoprotein cholesterol, which leads to the buildup of plaque.



Down Close The Dollar in New York's DM 1.7428

Fresh Evidence of U.S. Economic Health

Compiled by Our Staff From Dispatches

WASHINGTON — U.S. retail stores had their biggest sales rise in seven months during October, while output by American industry grew, the government said Tuesday, in reports indicating the economy is pursuing its expansion.

The gain in industrial production followed rises of 0.2 percent in September and 0.3 percent in August, and it lifted the output of the industrial sector 5.1 percent above its level a year ago, the Fed said.

Rigorous Diet Can Reverse Arterial Disease, Study Suggests

By Daniel Goleman New York Times Service

NEW YORK — Life-style changes alone, without drugs or surgery, can halt or reverse atherosclerosis, a hardening of the arteries that can lead to heart attack, researchers have found.

The subjects in the study had all been told, on the basis of an angiogram, that they had severe heart disease. Fifty patients were randomly assigned to one of two groups.

WORLD BRIEFS

Soviet Shuttle Orbits Earth And Lands During First Test

By Felicity Barringer
New York Times Service
MOSCOW — The Soviet Union's first space shuttle, riding piggyback aboard the world's most powerful booster rocket, rose Tuesday from the cold, flat Asian steppe to orbit the Earth for the first time.

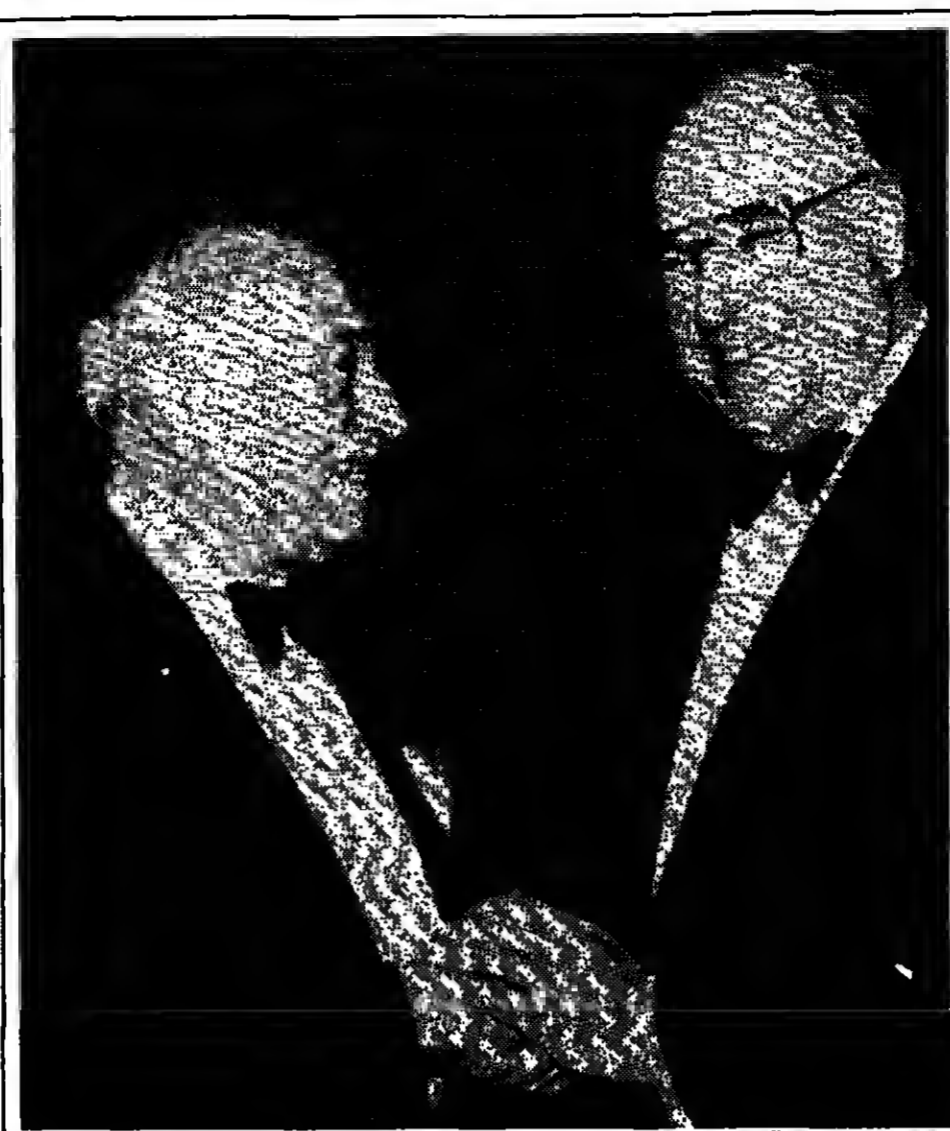
The lift-off was the second breakthrough for the Soviet space program this month.
On Saturday, the components Vladimir Titov and Musa Manarov, orbiting the earth on the Mir space station, broke Yuri V. Romanenko's 1987 world space endurance record of 326 days.

Baker: A Pragmatist Who Gets Things Done

By Robert Pear
New York Times Service
WASHINGTON — The record of James A. Baker 3d suggests that, as secretary of state, he may be inclined to seek more international economic cooperation, is not likely to be a zealous advocate of military aid to the Nicaraguan rebels and would oppose restrictions on commercial-bank lending to the Soviet Union.

The shuttle was powered into orbit by the heavyweight booster system of the Energia rocket, whose eight engines are fueled by more than 2,000 tons of supercooled liquid hydrogen, liquid oxygen and liquid nitrogen.

The U.S. shuttle Discovery completed a four-day flight in September, ending a 37-month hiatus in U.S. shuttle launchings after the January 1986 explosion of the space shuttle Challenger, in which all seven astronauts aboard died.



Simon Wiesenthal, left, meeting Chancellor Helmut Kohl at the New York dinner.

Kohl Hails Wiesenthal as German 'Guide'

NEW YORK — Chancellor Helmut Kohl of West Germany has paid tribute to Simon Wiesenthal, the Nazi hunter, for helping guide a new generation of Germans back into the "large family of free nations."

VISIT: Surprise for Washington

(Continued from page 1)
to him in a relatively informal session."
The first word of Mr. Gorbachev's visit came last Friday morning, when Alexander M. Belonogov, the chief Soviet delegate to the United Nations, informed Secretary-General Javier Perez de Cuellar and Virendra Dayal, his cabinet chief, that Mr. Gorbachev wanted to address the current session of the General Assembly, United Nations officials said Tuesday.

STOCKPILE: Chinese Weapons Worry Thai Allies

(Continued from page 1)
liveries of Chinese weapons to the Khmer Rouge.
Sharply divergent assessments about China's links with the region are a source of friction within ASEAN, the Association of South East Asian Nations. Members of the non-Communist group are Brunei, Indonesia, Malaysia, the Philippines, Singapore and Thailand.

MEETING: Gorbachev U.S. Visit

(Continued from page 1)
December, Mr. Gorbachev has a heavy schedule of meetings with foreign leaders, including those of Britain, Italy, France, West Germany, India and Cuba.
Western Europeans, while unanimously welcoming the Bush-Gorbachev meeting, diverged in their reading of its significance.

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Havana Fire Cuts Cuba Phone Link

HAVANA — Cuba was cut off from the world for 24 hours after a fire interrupted international telephone and telex communications, government officials said Tuesday.

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Japan Poised to Pass Tax Program

TOKYO (APF) — The governing Liberal Democratic Party published Wednesday a list of politicians implicated in a stock market scandal in return for opposition acceptance of a sweeping tax overhaul, party officials said. The party was poised to push the measure through the legislature's lower house.

Neo-Fascist in Pretoria Kills 3 Blacks

PRETORIA (WP) — A white former policeman dressed in camouflage fatigues and claiming to be a member of a shadowy neo-fascist organization went on a shooting rampage in central Pretoria on Tuesday, randomly killing three blacks and wounding at least 10 others on one of the capital's busiest streets before he was subdued and arrested.

2 Americans Are Freed by Liberia

ABIDJAN, Ivory Coast (NYT) — Liberia's president, Samuel K. Doe, ordered Tuesday the release of two Americans held since July 13 on charges of participating in a coup attempt, according to a government statement received in Abidjan.

Shamir Asks Labor to Join Coalition

JERUSALEM (NYT) — Prime Minister Yitzhak Shamir on Tuesday invited his political rival, Foreign Minister Shimon Peres, to join a new Labor-Likud national unity government.

Bush 'Committed' to Cuts In Strategic Nuclear Arms

GENEVA — President-elect George Bush assured delegates at the superpower arms talks Tuesday that he was "fully committed" to 50 percent cuts in strategic nuclear weapons and an agreement on space defense systems.

Brazilian Vote Called Test for Sarney

RIO DE JANEIRO (AP) — Brazilians voted Tuesday for 4,307 mayors and city councilors in nationwide elections considered a popularity test for President Jose Sarney's beleaguered government.

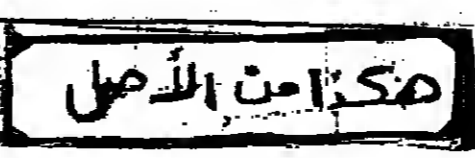
TRAVEL UPDATE

U.S. Airlines Delaying Fare Changes

NEW YORK (NYT) — The elimination of some discount fares by the major U.S. airlines, due to take effect Tuesday, will probably be delayed for another week, United Air Lines Inc. said Monday that it would not make the change until Nov. 22 and most major airlines are expected to follow United's lead to remain competitive.

Brady to Remain at Treasury

WASHINGTON — Vice President George Bush announced Tuesday that he had asked Treasury Secretary Nicholas F. Brady to remain in his post in the new administration. The move was expected.



BRIEFS

**Tax Program**  
Liberal Democratic Party...  
push the measure through...

**Navy Charts Course**  
For Mid-21st Century  
The navy already is setting a course for 50 years from now, The New York Times reports. Officers say the long lead time is vital because technology changes so fast and it takes so long to get it from the laboratory into the fleet. One officer recalled that 50 years ago there were no nuclear weapons, radar, jet engines or computers. Some likely features of the navy in the year 2040:  
• Stealth technology, now being used to help warplanes evade radar detection, will be applied at sea. Ships will be built in rounded shapes of nonmetallic composite materials.  
• Warships built like catamarans, with twin hulls, will cruise at 60 knots (about 69 mph or 110 kph), compared to top speeds of just over 30 knots today.  
• Lasers and particle beams will use intense heat to destroy incoming missiles.  
• Robots will be extensively used in place of crew members. "The navy of the next century," said Admiral Carlisle A.H. Trost, chief of naval operations, "may well feature machines that are better than humans in almost every way, saving only to imagination, ethical standards and the vital will to resist."

**Notes About People**  
Frank L. Rizzo, a former police chief who was mayor of Philadelphia from 1972 to 1980, has started a Monday-through-Friday radio talk show there. "I'm tired of all the liberal garbage being dispensed in this town," he told one caller. "I'm another voice." The CBS-owned station, WCAU, would not confirm a newspaper report that Mr. Rizzo, 68, is being paid about \$100,000 a year. All he would say was, "I won't have to go on welfare." In his first broadcast, he attacked former President Jimmy Carter and Philadelphia's present mayor, W. Wilson Goode. The city is in such parlous shape, he said, that the police emergency number, 911, is known as "dial-a-prayer."

What is Jacqueline Bouvier Kennedy Onassis, who will turn 60 next July 28, doing these days? The Los Angeles Times reports that the widow of President John F. Kennedy and the shipping magnate Aristotle Onassis is an editor at Doubleday in New York. She works to preserve the city's historic buildings. She is a grandmother. She keeps fit by working out in a gym and jogging in Central Park. She sees a psychiatrist. She takes cabs, not limousines, from her apartment near the Metropolitan Museum of Art to her office near St. Patrick's Cathedral. For years she has been escorted by a wealthy industrialist, Maurice Tempelsman.

**Short Takes**  
The moneyed citizens of Palm Beach, Florida, take their partying seriously enough that the town council has voted to ban filmmaking there during the social high season, Nov. 15 to April 15, to cut down on traffic jams that come with motion picture companies shooting on location. "The season is our busiest time of year," said Councilman Bernard Hecke. "We don't want any unnecessary disruption."

Western Michigan University in Kalamazoo offers a course titled University 101, which instructs new students in such skills as studying, taking tests and behaving in class. It also offers counseling. Officials said dropout rates have declined to 21 percent from about 30 percent since the course was introduced four years ago.

The nicknaming of Los Angeles continues with Robert Campbell's recent mystery, "Alice in La-La Land," the Los Angeles

AMERICAN TOPICS

**Antal Dorati, Conductor, Dies at 82**  
The Associated Press  
BERN — Antal Dorati, 82, the Hungarian-born composer and conductor, died Sunday at his home near Bern, his wife, Isa Dorati, said Monday. She declined to give the cause.  
Mr. Dorati, a naturalized U.S. citizen, conducted some of the world's leading orchestras in London, Stockholm, Dallas, Minneapolis, Detroit and Washington, and also made his mark as a composer.  
**A Champion of Bartok**  
By John Rockwell  
New York Times Service  
Mr. Dorati, who championed the music of Bela Bartok, led the National Symphony to Washington from 1970 to 1977.  
A warm, hearty conductor, he was not so concerned with refined interpretive detail as with vital, sensible statements of the music at hand.  
Aside from his wide-ranging career in concert life, he made more than 500 recordings, many of them with the National Symphony, which further spread his fame.  
Throughout his career, Mr. Dorati advocated a wide range of 20th-century music. Above all, he

prized the work of his teacher and compatriot, Bartok, music for which his own gifts for strong rhythmic articulation and vivid instrumental color were particularly suited.  
He was also a composer himself and often conducted his own large-scale scores. His autobiography, "Notes of Seven Decades," was published in 1979.  
Mr. Dorati was born in Budapest. At 14, he entered the Liszt Academy, where his teachers included Bartok and Zoltan Kodaly.  
After early operatic posts, his next years were devoted primarily to dance. From 1933 to 1941 he was a conductor with the Ballet Russe de Monte Carlo, and from 1941 to 1945 was music director of the American Ballet Theater.

After World War II, he became music director of the rebuilding Dallas Symphony, from 1945 to 1949. Then came 11 years with the Minneapolis Symphony, during which time he also appeared frequently in Europe — principally with the London Symphony and the Philharmonia Hungarica.  
In the 1960s, Mr. Dorati established his residence in Switzerland and served as music director of the BBC Symphony (1963-66) and the Stockholm Philharmonic (1966-70). As music director of the National Symphony, he led the inaugural concert, in 1971, at the John F. Kennedy Center for the Performing Arts. His last full-time post was as music director of the Detroit Symphony, from 1977 to 1981.

**20 Cars Hit Girl on French Road**  
Reuters  
PARIS — A 12-year-old girl was run over by at least 20 cars after she was hit while trying to wave down drivers to save her father injured in a highway accident, police said.  
The police said the girl, Gaelle Gombert, was killed as she and her sisters, aged six and three, tried to find help for their father, fatally injured when his car turned over on an access road of Paris Sunday evening.  
A police spokesman said a woman gave herself up Monday, saying she thought she was responsible for knocking Gaelle down. None of the cars that ran over the girl stopped.

30 Years to Unmask Pedophile Preacher

By Ronald Smothers  
New York Times Service  
ROANOKE, Virginia — For nearly 30 years, an evangelist preacher traveled the Southeast shouting to worshippers about fire and brimstone. For much of that time, he whispered to boys about sexual pleasure.  
Last month the self-ordained preacher, Tony Leyva, 42, pleaded guilty here to federal charges of criminal sexual activity that he said involved up to 100 boys.  
Now the victims, their families and law-enforcement officials are left with bitter questions: Why did this go on so long? Where can they go for help? How can they restore the faith they once had in God and to man?  
"This has been going on for years and there ought to have been some mechanism so that police from state to state could know about complaints about sex offenders," said the father of a southeastern Alabama boy who was molested by Mr. Leyva four years ago.  
As the case illustrates, pedophiles such as Mr. Leyva can often hide in plain sight for years, deflecting suspicions and evading detection despite numerous complaints, both informal and to the police in various towns.  
The preacher rarely remained any place more than a week or two, and investigators said Mr. Leyva's mobility hobbled their ability to build a case against him.  
But his status as a minister also may have contributed to lax investigations and increased an official desire to handle such accusations quietly.  
The case illuminates the Manichaean universe of Pentecostalism in which the minister is paramount and the forces of good and the forces of evil are personified and actively warring in the world.  
Accusations, even if they were made to the police, were often con-

demned from the pulpit by Mr. Leyva as the devil's work.  
"He had such personality and contact that he could always talk his way out of it," said Louis Scheuch, a retired minister from Port Orange, Florida, who said that he broke off his association with Mr. Leyva 11 years ago as the rumors of his activities increased.  
The victims themselves, as is typical to abuse cases, were often people who either from shame or lack of assertiveness did not make a complaint.  
"I didn't say anything because I thought I was the only one," said one 18 year old, who said he was molested by Mr. Leyva five years ago. "I was scared. I was so young."  
Edwin R. Leach, an assistant commonwealth's attorney in Roanoke County who won a conviction against Mr. Leyva in September, said, "Tony Leyva knew how to pick a victim — troubled boys from rural areas who were naive."  
"The first time he met my son," said a divorced mother of a 14-year-old Florida boy whom Mr. Leyva has admitted sexually abusing in 1987 and 1988, "he asked him if he had a daddy. After it all ended, my son told me that he didn't tell anybody because he figured he would put up with the little bit of the bad with Tony so that he could have the good."  
Many of the victims come from poor families and have complained about the lack of publicly financed counseling services available to them.  
"My son is hollering for some kind of treatment and I can't afford it," said one victim's mother.  
Jennie Montgomery, the assistant U.S. attorney in Roanoke who worked on the case, said the young man whose complaint about Mr. Leyva led to the investigation has tried to commit suicide, has no job or job training and is unable to return to his family.  
She said she briefly considered



RETURN VISIT — The makers of Coca-Cola are reissuing a limited edition of their 6.5-ounce bottles in time for the end of the year holiday season. The bottles have not been distributed in the United States since 1937.

Times notes. Earlier epithets include CuckooLand (Will Rogers), Moronia (H. L. Menckin), the Queen City of Plastic (Norman Mailer) and "92 Suburbs in Search of a City" (unknown).  
Arthur Higbee

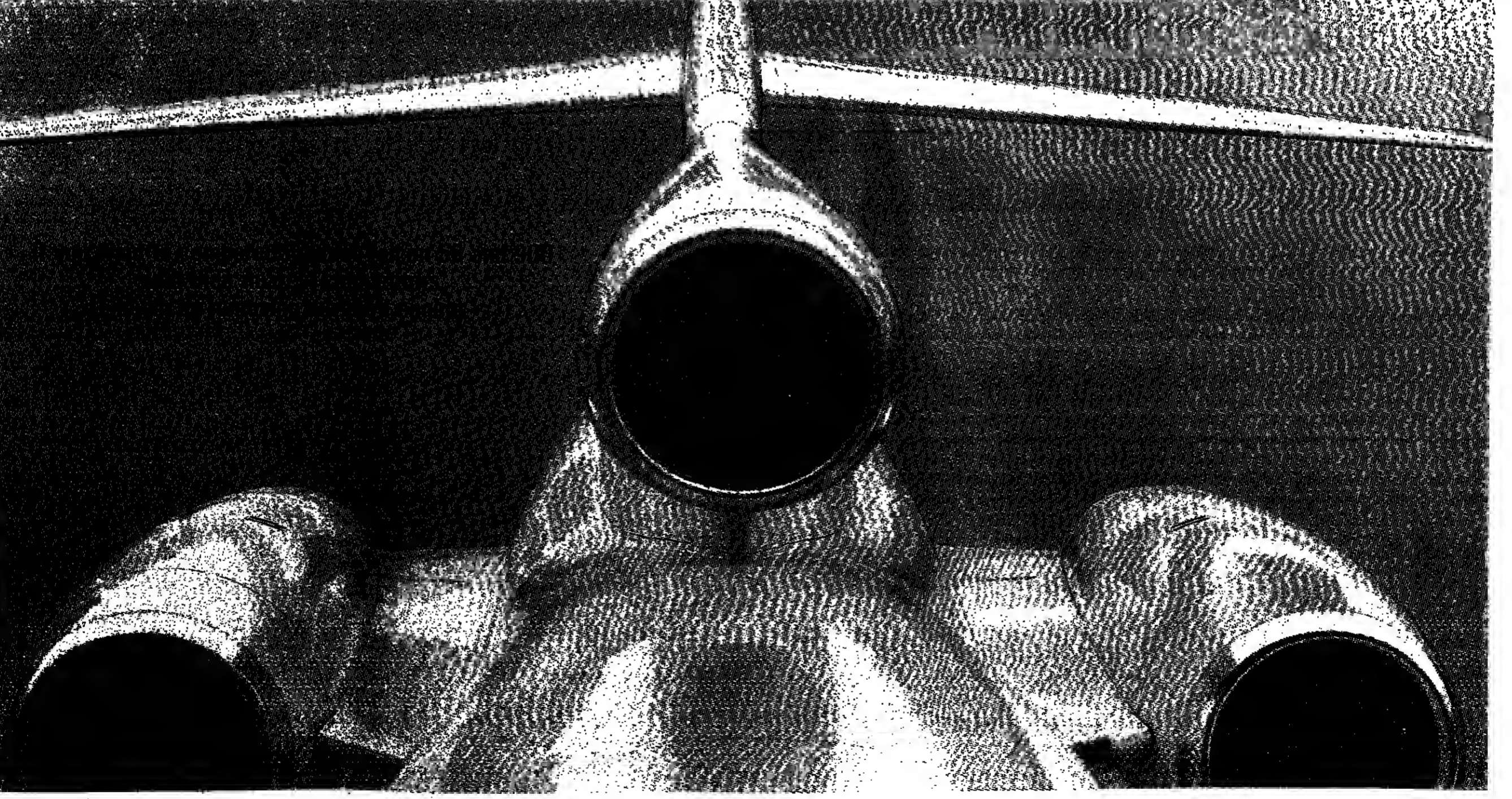
**Monitor's Editor Resigns in Boston**  
The Associated Press  
BOSTON — The editor of the Christian Science Monitor has resigned, saying his decision was in part a protest of a plan to trim the size of the church-owned paper and "drastically cut" its staff.  
The editor, Katherine W. Fanning, 61, and two leading assistants, David Annable, managing editor, and David Winder, assistant managing editor, announced their resignations Monday.  
Mrs. Fanning said her resignation was made after a decision to allow the business manager, John H. Hoagland Jr., to have control over content, which she said "threatens the editorial independence."  
Directors named Richard Neuenman, general manager of print publishing for the Christian Science church, as editor in chief. Mrs. Fanning recently was named president of the American Society of Newspaper Editors.  
Mrs. Fanning said she expected the paper's new format would be 16 pages without advertising, compared with the average 28-page edition now with advertising. Mr. Hoagland said he thought the 800-member staff would be reduced by 20 to 25 percent. The 80-year-old paper has a circulation of 170,000.  
Mr. Hoagland described the changes as positive. "We expect that this new alignment, plus revenues from our new products, will help support our daily newspaper," he said.

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**itted' to Cut Nuclear Arms**  
International  
George Bush assured delegates that he was "fully committed" to weapons and an agreement on...  
through the chief U.S. negotiator plenary meeting of four times Soviet. The talks were also new administration takes off...  
Talks center on long-range and signed last December, against and shorter-range nuclear defense.  
**led Test for San**  
zilians voted Tuesday for 4300 sections considered a popular government.  
full before Sunday, could make of next year in the first post-america's biggest and most...  
ried during early voting, that 1 for violating a law that polling stations.  
**UPDATE**  
**rying Fare Chang**  
mination of some discount fares Tuesday, will probably be as fine, said Monday that most major airlines are competitive.  
As a result, most travelers and many business people will be to raise travel costs by about 10 percent for passengers. Wall Street disrupted by strikes Tuesday. Many railroad workers in France canceled six flights.  
ries this year than in 1987. U.S. Service showed Tuesday that it had up 14 percent from 1987.  
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knows that our most priority is to keep our economy strong with low inflation.  
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The Brada announced an economic atmosphere that the dollar fell sharply because of investor pessimism.  
Mr. Bush and Mr. both acted in recent weeks to ensure that the value of the dollar.  
Mr. Bush said the value of the dollar would be at the start of his administration.



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that all converts gain...  
rabbinical approval before...  
ing Israeli citizens.

American Jews say the...  
amount to making illegals...  
Reform and Conservative...  
ments in the United States.

But according to the...  
Mr. Shamir has seen...  
prime minister still...  
November 1987...  
the Council of Jewish...  
in Miami. At that...  
"Every Jew, with absolute...  
ception, is welcome to...  
can become an Israeli...  
the Law of Return. No...  
ever questioned the...  
absolute equality of...  
Orthodox, Conservative...  
form."

The message said...  
had hoped to abide by...  
plan to resolve the Law...  
issue by other means...  
legislation in the Knesset...  
that he had set up an...  
committee to find...  
formula but that this...  
failed.

Morris B. Abram...  
the Conference of...  
Major American Jewish...  
tions, said that, while...  
has a personal capacity...  
change in the law would...  
sive" and "have deep...  
significance" even while...  
having limited effect.

## Namibia Agree

worked throughout his...  
in office on a peace...  
The tentative agreement...  
Tuesday left unresolved...  
the U.S.-backed rebel...  
led by Jonas Savimbi...  
tion of an internal...  
ment ending Angola's...  
civil war.

**Mixed Reaction**

News of agreement on...  
independence and...  
withdrawal from Ang...  
hailed by liberal...  
and diplomats on...  
greeted with caution...  
Reuters reported from...  
Cap.

"That is some of the...  
I've heard in years,"...  
lin, a senior member...  
ca's Progressive...  
will make a fundam...  
to the whole political...  
southern Africa."

But Foreign Minister...  
said it was not yet...  
whether the agreement...  
Geneva would be...  
South African govern...

## ENTER

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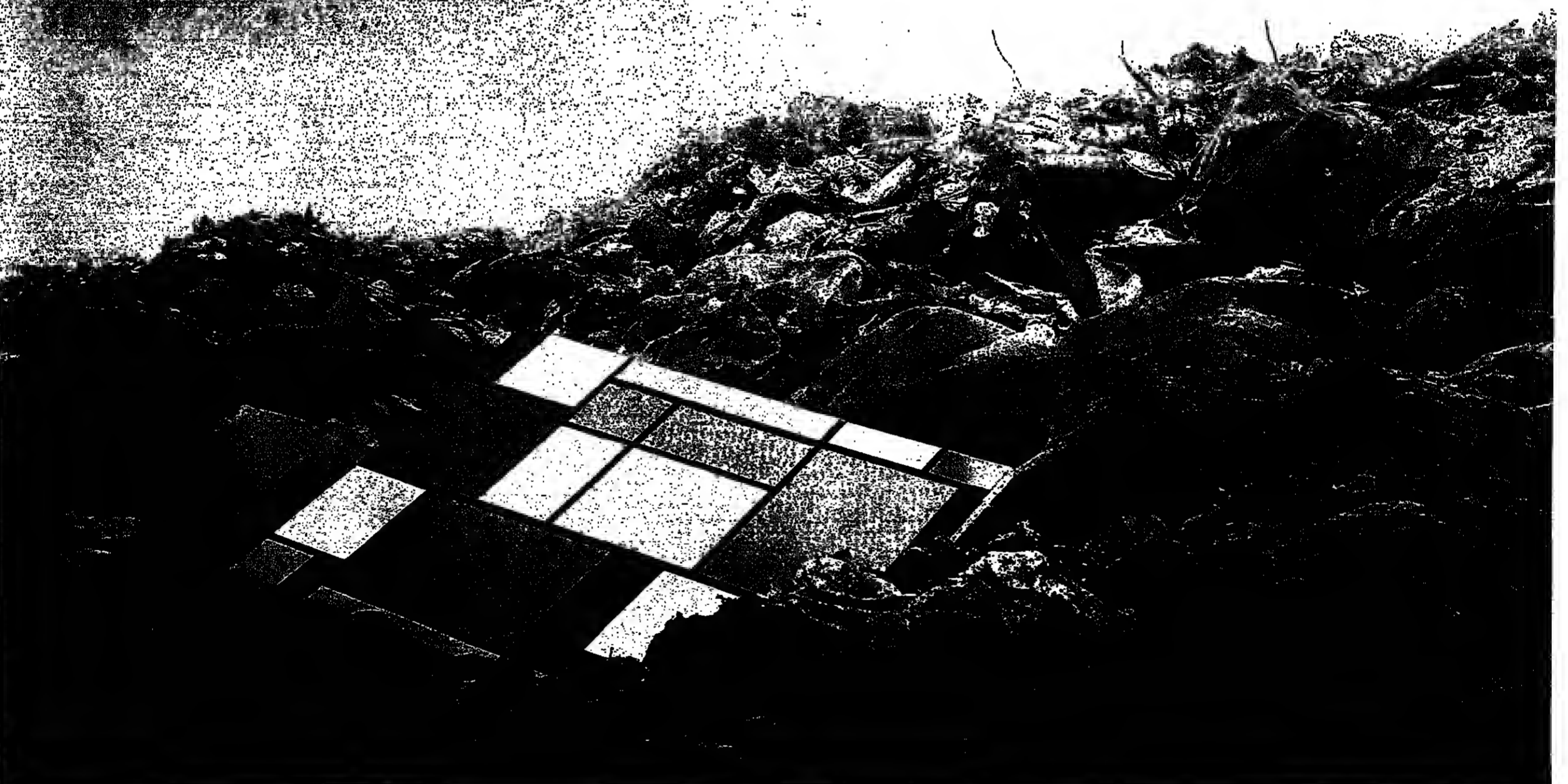
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In Pretoria, as the judgment process began, spectators greeted Patrick Baleka, one of the 19 defendants in the longest-running political trial in South Africa's history, as he left court Tuesday.

### Pretoria's Longest Political Trial Is in Final Phase

By William Claiborne  
Washington Post Service  
PRETORIA — As judgment began in the longest-running political trial in South Africa's history, a provincial Supreme Court Justice revoked bail on Tuesday for eight blacks who are charged with high treason.

The eight are accused of conspiring to make the country ungovernable in the months leading up to the outbreak of civil unrest in 1984. The decision is expected to be significant because it may determine whether the United Democratic Front, South Africa's largest anti-apartheid coalition, will be outlawed like its banned ally, the African National Congress, for having plotted to overthrow the government. The UDF is already severely restricted under the 40-month national state of emergency.

Justice van Dijkhorst said that the UDF, which has more than 750 affiliate organizations, launched a campaign against black township councils that inevitably led to an outbreak of violence that was calculated to make South Africa ungovernable.

Justice van Dijkhorst said that the UDF members, therefore, are "active supporters" of the guerrilla group. The case was based largely on a mass of material published by the ANC and UDF, characterized by the government as advocating violent revolution, and on speeches by UDF members, including the defendants.

The judge said that in order to convict on treason charges, hostile intent to overthrow the state had to be proved, while sedition does not have to be accompanied by hostile intent. He drew an analogy to the ringing of a church bell which, while not intended to be a hostile act, turns out crowds.

The defense counsel, Arthur Chaskalson, maintained that the prosecution had to prove attempts to overthrow the state specifically by violent means, and by no alternative means. A nonviolent form of treason had never been suggested in the prosecution's case, he said.

### On Eve of Vote, Pakistani President Appeals for Calm as Troops Patrol

ISLAMABAD, Pakistan — Troops in armored personnel carriers patrolled cities Tuesday on the eve of national elections, and acting President Ghulam Ishaq Khan made a national appeal for peace during the balloting.

### N.Y. Synagogue Gets New Torahs

NEW YORK — A Brooklyn synagogue that lost boy Torah scrolls in a fire caused by arson has received two replacement scrolls from a Police Department warehouse.

### Botha Warns Rightists on Segregation

By John D. Battersby  
New York Times Service  
PRETORIA — President Pieter W. Botha has warned right-wing whites that they can irreparably damage South Africa's international image if they go ahead with plans to reimpose rigid segregation in townships they control.

The Conservatives have also threatened to press the government to reverse legal changes in about 100 towns that have allowed black traders to compete with whites in central business areas.

Mr. Botha said that if the Conservatives had their way, they would "impoverish" these towns and then come running to the government asking to be delivered from economic ruin.

Jewish Memorial Desecrated  
WIESBADEN, West Germany — Vandals smeared wreath with excrement at a Jewish memorial site here where ceremonies marking a 1938 Nazi pogrom were held last week, police said on Tuesday.

### INTERNATIONAL CLASSIFIED

(Continued from Back Page)

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ARTS / LEISURE

Neil Simon's Muse Leads to Farce

By Mervyn Rothstein

NEW YORK — "I was going through some difficult times," Neil Simon says. "This marriage I was in was breaking up. My daughter's husband was killed in an automobile accident. It seemed like rough going. And I said I wanted to work, because work is always a cathartic process for me, and I thought it would be really good just to get into a comedy."

Simon is describing the genesis of his new play, "Rumors," a farce directed by Gene Saks that opens here Thursday at the Broadway Theatre.

There is an old theatrical saying that goes: "Dying is easy; comedy is hard." Simon is a variation on that theme. For him, at least these days, comedy is easy; life is hard.

"I wrote about 40 pages of 'Rumors' right after 'Brighton Beach Memoirs,'" he says in his Manhattan hotel suite. "Generally speaking, I think I always start at these plays a couple of years before I actually get to write them. And after having done 'Broadway Bound' I wanted to do something completely different, like Monty Python. I didn't see a fourth play in that. And I really was in the mood to sort of go back and write just out-and-out funny, because it's what I felt I needed in my own life. So I thought it would be fine just to go into rehearsal with a comedy, with a farce, even though they are the hardest to write."

Simon, who is 61, seems to have aged little over the years. He looks much as he did 15 or 20 years ago, only more tired. He arrived late

the previous night from his home in California, so jet lag and lack of sleep may be contributing factors.

"Rumors" is Simon's 23rd Broadway play in 28 years — since "Come Blow Your Horn," which began in Bucks County, Pennsylvania, in 1960 and opened in New York in 1961, and not counting things like the female version of "The Odd Couple." He has also written about 20 movies in that time, though many were adaptations of his plays and not quite as much work as an original screenplay. But compared with his first 10 years of writing for television, the "Sergeant Bilko" show with Phil Silvers and "Your Show of Shows" with Sid Caesar, "since then it's been almost a leisurely pace for me."

His last three plays — the semi-autobiographical trilogy he has spoken of, "Brighton Beach Memoirs," "Biloxi Blues" and "Broadway Bound" — certainly showed that there is a lot more to him than punchlines. The new play ran for six weeks in San Diego. It got a lot of laughs, and a lot of reviews.

"This is completely different for me," Simon says. "It's unlike anything I've ever written. It's my first farce. A farce is relentless. There are so many more obligations. It's relentless in its needs for plot twists, and to keep the comedy going."

"I had seen at one point a television show with Peter Shaffer, whom I respect as much as any English-speaking writer, and the moderator was saying to him, 'Why did you write "Black Comedy"?' And he said, because it was a challenge. It was a farce. And so I thought I'd see how far I could go with this thing, because it deals with a great deal of

plot. And I rarely use plot. I use character development. In all other stories, the characters just seem to move to the next place, as if life would have them move. But in the plot in a farce, you move them. The writer's in control all the way.

"The simplest aspect of farce is you need a lot of doors. And you need people to go running in and out of them, just missing each other. Generally speaking, in a farce people are trying to withhold information from other people. I've hardly seen a farce in which that didn't happen."

The reworking of the play, he says, goes with the territory. "Because when I write, let's say, a play like 'Broadway Bound,' I sort of block it out as I keep going, and each scene is almost a little play in itself," he says. "Whereas with a farce, you have to start right from the top, not even page one, but line one, or you're in trouble. Everybody in the play has to be in trouble. I don't think one could do a leisurely farce. The words seem in opposition to each other. And I found that, whenever the characters were not in jeopardy, I had to make just jokes, and the jokes weren't working, because they didn't have any sound basis."

"And so I had to keep all the characters in jeopardy. I was constantly looking for twists in the development of the plot, and adding more plot. The audience becomes a giant machine that sort of eats dialogue, and eats plot. They want more and more and more of it. And there's no way you can write all that and make it as funny as you hopefully think it is in one draft, or two drafts. So I was up to, I think, the 10th draft."

Saks, who has directed six of Simon's

plays and four of his movies, agrees with him on the nature of farce. "Keeping the ball in the air for a full-length farce is Herculean," he says. "Especially with today's sophisticated audiences. It is most difficult and challenging. It tested Neil's ingenuity to a great extent — and boy, he's got a lot of ingenuity. And it was a test of mine, too."

"One has to be alert 120 seconds a minute," he says. "It calls for such radar, because every moment counts, every tiny second is significant. You can't afford to have a wasted lift of an eyebrow."

Simon says the only way he can describe it is that it's very much like an artist doing an abstract painting.

"If you're doing a landscape, you're out there in the country and you know what you're doing — you see the mountains, the trees, the river," he says. "Doing an abstract painting, you can't know exactly what's going to be there. You go by what you feel."

"I remember watching Willem de Kooning painting on a PBS special that Dustin Hoffman was hosting, and de Kooning was painting and talking, and he seemed to love saying, 'I think I need something there,' and 'I think I need something there,' and finally he had the brush next to the canvas and pulled it away, and he said, 'No, I'm finished.' That's what I felt in this play. One has to come to a reasonable and satisfying conclusion, but it all seemed to go by instinct."

"You find out later on that your mind is more adroit than you think," he says. "The subconscious is doing the plotting when you don't realize it." He smiles. "It's called the muse, I think."

Sarah Miles Haunting, but 'Asylum' Fails

By Sheridan Morley

International Herald Tribune

LONDON — Back in 1980 Paul Kember had an award-winning first play at the Royal Court called "Not Quite Jerusalem," which suggested a considerable promise. Nearly a decade later, "Asylum" leaves that promise deeply unfulfilled. The setting is a tacky and rundown Victorian mental home that latter-day generals are keen to close by evicting the patients onto the streets, or into what is euphemistically known as the care of the community at large.

Into its courtyard there arrives a television crew, eager to use the background and indeed some of the more photogenic inmates as part of a pop video designed to restore the career of a fast-fading teenage idol. So Kember's first act is largely about the way that pop-video makers appear considerably more humane than the inmates of an asylum.

In his second act, he turns to question the attitudes of society at large toward those who have gone a little doty, but without reaching any very definite or notable conclusions. At times he appears to be telling us that life even in so appalling and derelict an asylum as this one is better for the patients than life on city pavements or under seaside piers; at other moments he seems to want us to come up with a third alternative, one that has evidently eluded the creator of

a halting black comedy of madness and opportunism.

What makes a visit to the Lyric Hammersmith just about worth while is the central performance of Sarah Miles, a rare and remarkable actress when given a good director and a good script, neither of which is much in evidence here. As Tilly,

he channeled in more intelligent theatrical surroundings.

The result is a certain lack of dramatic energy, since all three characters seem often to be engaged in nothing more than their interior monologues; what they have in common is a shared and violent past (the two women had agreed to mug a third for £15) and the ability to deceive themselves at all times about everything.

The smell of stale dreams hangs

heavily over Richard Wilson's production, one that does much to overcome the essentially fragmentary and disparate nature of a play about voices in the dark, men who want vacant possession of women and above all the sustained ability of letter-writers to deceive themselves and each other. Like a poverty-line local version of "The Muffs," "Heart-Throb" is about role-playing on the dole and a curious mix of romanticism and social horror.

Tim Flavin, Sally Hughes and Danielle Carson manages on a very small stage to conjure up considerable tap-dancing energy.

It's a musical perfectly suited to that dinner-theater setting, and John B. Hobbs's production (with choreography by Flavin) manages never to mock what is already a loving mockery of the "go out there a chorus girl and come back a star" format.

And finally at a time when new one-man-shows are as hard to write

as to locate, a word of praise for Alan Bates, who, with his director Gerard Hastings, has cobbed together "A Muse of Fire," entirely devoted to poems and prose about the flames: everything from Miss Havisham to Blake's Tiger and D.H. Lawrence on the fireworks of Florence. Its London premiere this week formed part of a series of AIDS benefits continuing every Sunday night until Christmas at the Playhouse Theatre.



Philip Bosco and Bill Moor in the revival of George Bernard Shaw's "The Devil's Disciple."

Bosco: Shaw's Disciple

By Frank Rich

New York Times Service

NEW YORK — While there are no sure things in the New York theater, the partnership of George Bernard Shaw and Philip Bosco comes close. This playwright and this actor, often in league with the director Stephen Porter, have been an irresistible, nearly inseparable pair for over a decade, whether converging at the Roundabout Theatre (for "Misalliance") or at the Circle in the Square (for "Major Barbara," to name a favorite among many).

"Good as Bosco has been in a wide variety of roles during his long career, Shaw seems to bring out the Ralph Richardson in him. It does not matter if the actor is playing one of the writer's magnates or servants or supermen: A facetious twinkle lights up his eyes, a droll musicality infuses his chialy comic voice.

In "The Devil's Disciple," at the Circle in the Square, Bosco reunites not only with Shaw and Porter, but also with Victor Garber, who proved a brilliant newcomer to the team two seasons ago in "You Never Can Tell." Once again the work of both stars is exemplary, just as Porter's staging is largely above reproach. But this time the gathering of the most lustrous Shavian ensemble seems a frivolous waste of valuable resources. "The Devil's Disciple" does not work up much comic froth until Bosco makes his appearance, 90 minutes into the evening, in the final scene. A half-hour later, it is time to go home.

Set in the rebellion-torn New Hampshire of 1777 and written in 1896, "The Devil's Disciple" is the first of its author's early "Three Plays for Puritans." Like the contemporaneous (and somewhat more substantial) "You Never Can Tell," it was pitched at the commercial theater of the West End. Shaw was out to concoct a melodrama packed with all of what he called the "stale riches" of its Victorian prototypes: "the reading of the will, the heroic sacrifice, the court martial, the execution, the reprieve at the last moment."

To elevate a form he regarded as "breadbare," he invented its values. True to "Tale of Two Cities" convention, the play's hero, Dick Dudgeon (Garber), allows the Redcoats to take him away to be hanged when they mistake him for the parson, Anthony Anderson (Remak Ramsay), actually intend-

ed for execution. But the devilish Dick, a gleefully unimpressed rebel in an insufferably sanctimonious community, sees himself as a cynic and realist rather than a martyr. He scoffs at anyone who would sentimentally ascribe his sacrifice to noble or romantic motives.

Intellectually intriguing as Shaw's subversion of melodrama may be, the play is generally more interesting to contemplate than to watch. As Eric Bentley long ago wrote, "the dialogue of the first two acts might almost have been written by anybody." Although those two acts, both presented before intermission, are painless and pleasant, time has robbed the melodrama of its pulpy kicks, the rest of Porter's cast is also light-footed.

As "The Devil's Disciple" came to its conclusion, a startled woman behind me asked, "Is it over?" She sounded, and not entirely without reason, as if she were still waiting for the show to begin.

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Vertical sidebar containing various small advertisements and notices, including 'LEGAL SERVICE', 'NATIONAL REAL ESTATE', 'EDUCATION', and 'CONSTRUCTION'.

Herald Tribune

Markets Won't Wait

The dollar's quick drop and the stock market's slide fell Vice President George Bush that his plan for reducing the budget deficit isn't credible.

no new taxes." The latest official estimate of the 1990 deficit is \$132 billion — \$32 billion more than the Gramm-Rudman-Hollings budget law allows.

Half of Dubcek's Voice

Alexander Dubcek, in his first visit abroad since 1970, praised Mikhail Gorbachev's reforms and warned of a return to neo-Stalinism should the Soviet experiment fail.

et invasion in 1968. Czech participants were jailed, foreigners were expelled and all concerned were condemned by the Communist Party for plotting "provocation" and "psychological warfare."

Canada Would Lose

Even if Americans are numbed by the distortions of their own political campaign, they may be startled to learn how they are currently portrayed by Canadian politicians: as hungry predators, poised to swarm across the 49th parallel and gobble everything in sight.

win the election they will scrap the agreement. If that is intended as a tactic to get a better agreement, it is likely to fail.

Other Comment

Japan: Co-Leader of Asia? A recent poll commissioned by the Japanese government reveals that 36.6 percent of respondents in the countries of ASEAN...

Japanese people are mentally prepared for it. In seeking to reduce the budget deficit, the Bush administration may pressure its allies to bear a greater burden for their own security and the security of countries in those regions in which the United States has vital interests.

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OPINION

What Kind of a State for Palestinians?

By Nadia Hijab

LONDON — The early hours of Tuesday made L history. The Palestine National Council declared an independent state stemming from Palestinians' right to self-determination and sovereignty over their land.

example here. It is the state of the Jewish people, and for this purpose Jewishness is defined on religious grounds. Matters of personal status are regulated by religious courts, with the result that in the sphere of family relations, Israeli women are in some respects second-class citizens.

In addition to being secular, the new Palestinian state should be democratic. At present, the institutions of the PLO provide for a fair degree of democracy. Whatever its faults, one of the PLO's strengths is that it encompasses leftists, rightists, secularists, Communists, Islamic fundamentalists.

The writer was editor of the London-based monthly The Middle East from 1981 to 1984 and is author most recently of "Womanpower: The Arab Debate on Women at Work." She contributed this column to the International Herald Tribune.

Democrats Will Need A Winner

By Tom Wicker

NEW YORK — Was it a mere "tactical defeat" that resulted primarily from Michael Dukakis's failure until the last two weeks of the U.S. presidential campaign to stand up and fight for a party and a cause that might otherwise have won?

NATO and Bush: For Trans-Atlantic Dialogue

By James Eberle

LONDON — We in Britain are approaching a very delicate period of relationship with both the United States and our European allies. A cementing force of the Atlantic alliance has always been the threat of Soviet attack against Western Europe.

One American ally need not show better understanding of the contributions European countries are making, and better recognition of the political sensitivities, particularly in Bonn, of issues such as the modernization of short-range nuclear arms.

the ideals of European union. This could further erode British influence in the construction of Europe. If Britain's position and influence in Europe weaken, so would the sound of Britain's voice in Washington.

Admiral Sir James Eberle is director of the Royal Institute of International Affairs. He contributed this column to the International Herald Tribune.

NATO and Gorbachev: Stalling Won't Be Enough

By Andrew Mack

STOCKHOLM — It is nearly a 5 years since the INF treaty eliminating intermediate-range nuclear missiles was signed, but the defense debate in Europe seems as confused as ever.

was correct. Although the East's refusal to provide such data had long been a stumbling block in the MBFR talks, the U.S. State Department rebuffed the Soviet offer, describing it as a "fruitless" exercise.

"asymmetrical reductions" in its military units will be needed. NATO wants large cuts in Soviet tanks and in other weapons that can be used to seize and hold territory.

Before a Moscow Rights Conference

By Jeri Laber

NEW YORK — Andrei Sakharov's visit to the United States, his first trip abroad, is a powerful demonstration of the liberalization that has taken place in the Soviet Union under Mikhail Gorbachev.

Soviet government acknowledges as "political." There remain some 200 others whom the Soviets refuse to recognize as political prisoners.

Although many of the new policies have far-reaching international consequences, Gorbachev's main imperative is to alleviate the economic and social crisis in the Soviet Union by stimulating creativity and initiative in the Soviet people.

100, 75 AND 50 YEARS AGO

1888: A Longer Term

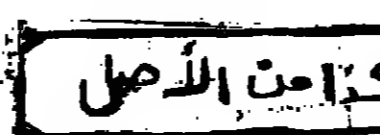
NEW YORK — The Herald's agitated proposition to amend the Federal Constitution by increasing the length of the President's term of office and make him ineligible for a second term...

1938: Homes for Jews

LONDON — Cooperative action to rescue many thousands of German Jews and give them sanctuary in Africa, Asia and South America is being considered by the United States, Great Britain, France and certain smaller nations.

1913: English Air Loop

PARIS — To an Englishman belongs the honor of being the first, after M. Pégoud, to "loop the loop," in an aeroplane.





OPINION

The Gifts Sakharov Brings: Courage, Clarity and Hope

By A. M. Rosenthal

NEW YORK — Andrei Sakharov arrived in the United States bearing gifts. He dispenses them as he travels about, meeting with Americans interested in the human condition in the Soviet Union. Mr. Sakharov is not aware that he is distributing gifts, which of course makes them all the more valuable.

In New York and Boston and Washington, Americans stand as this Russian physicist who developed his country's hydrogen bomb enters the room. They know he is a man who sacrificed his own freedom for the liberties of others. I think they stand because that is the definition of a hero, perhaps the only definition.

ON MY MIND

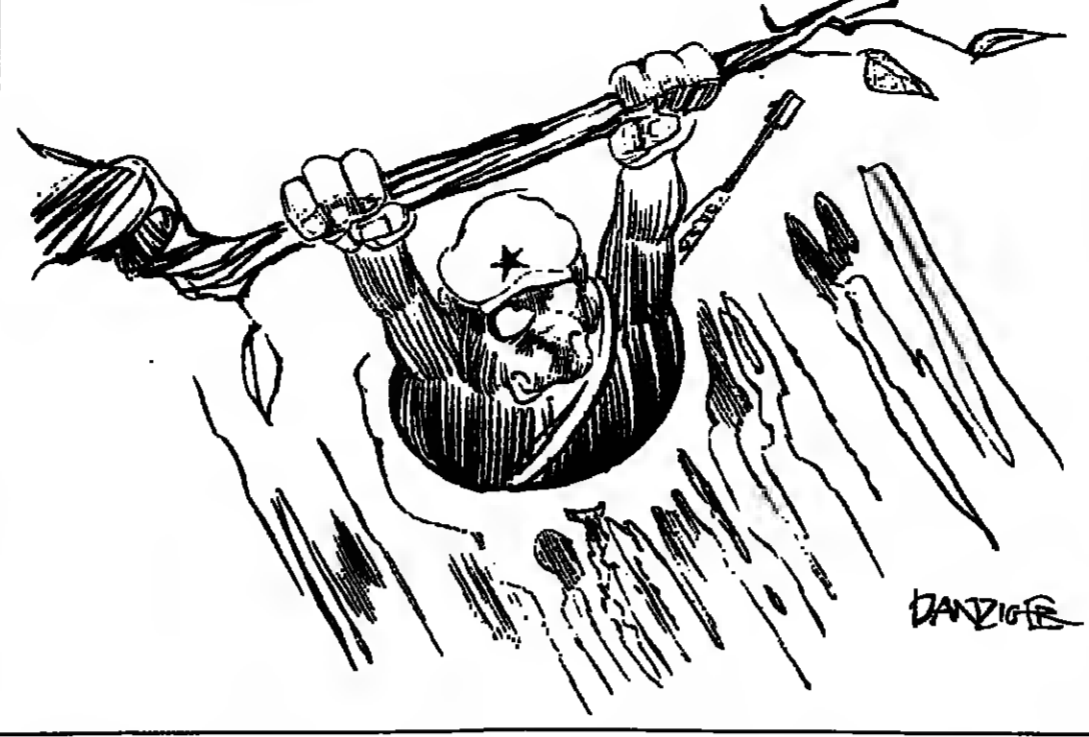
drogen bomb enters the room. They know he is a man who sacrificed his own freedom for the liberties of others. I think they stand because that is the definition of a hero, perhaps the only definition.

An embarrassing word for Americans: hero. Maybe it is because for so long Americans have not produced them, at least not in peacetime. Most Americans live in the grace of freedom and tend to lose interest in the freedom of others, at home or abroad. We say the name of Martin Luther King, and then there is a terrible long pause.

The first gift was the reminder that heroism is not bounded by nationality. Mr. Sakharov's refusal of his honored position and his refusal to be silent before, during and after the years of exile imposed upon him make him as much an American as a Soviet hero. So Americans rise for him and for other heroes of Soviet prisons whose names are not known well — or at all.

Mr. Sakharov is in the United States to refresh everybody's mind that while many Soviet prisoners of conscience have been released, the political cells are not

Soviet Withdrawal From Afghanistan (Downstream Exit in Progress)



needs to stay in control remain a threat? The strange thing: When these questions are raised in the United States they are often dismissed by Americans as unpleasant Cold War anachronisms. After seven decades of Soviet despotism, it took just a couple of years of Soviet glasnost to make American specialists regard criticism of Moscow as impertinence.

On Soviet law, he points out that information about such fundamental matters as court records and the very names of political prisoners is still hidden. He says that the law reforms that are supposed to make the Soviet Union a freer society are being planned in total secrecy. He predicts the Supreme Soviet will pass them in the time it took to approve giving Mr. Gorbachev his huge new power — "about 40 minutes."

And of Mr. Gorbachev's decision to demand those powers, Mr. Sakharov says it is "tantamount to a coup d'état." If Mr. Sakharov were an American, he would be in danger of being denounced by American Sovietologists as a reactionary Cold Warrior.

The New York Times

Americans' Love of Family: Just Another Pleasant Myth

By Richard Reeves

CORVALLIS, Oregon — So, Nancy Reagan told the Los Angeles Times that she has not talked to her daughter, Patti Davis, for more than a year. What else is new?

There is a reason we Americans feel compelled to talk about "family values." We don't have any — or, rather, we have far fewer than almost any other people. We Americans are the people who left our parents and grandparents behind in

MEANWHILE

Europe to come to the New World. Then we left them behind generation after generation as young men followed Horace Greeley's advice to go West. In those days, "Goodbye" really was forever — you could not reach out and touch somebody on the Oregon Trail.

We are the people who sold slaves as property, breaking up families as a matter of commerce. We are also the people who invented old-age homes, warehousing parents and grandparents to give ourselves more freedom. Americans, for better or worse, will give up almost anything for freedom, including family. The American experience is individual experience.

In Paris, where I lived for a time, you could set your clocks each Sunday by the comings and goings of children and their parents on the stairs before and after dinner with the grandparents. The most astounding thing I could tell my French neighbors about Americans was that most of them rarely saw their children after the day they graduated from high school. After that, it is weddings and funerals and a few holidays — with luck.

We have trouble believing that ourselves. How many of us keep our children's bedrooms as mini-museums, exhibiting stuffed animals and rock posters, in the illusion that the kids will come back — if even for a weekend?

We do love families, at least the idea of them. Many of us, like our president, Nancy's husband, start two of them — or three or four. Soon we will have a new first family, the Bushes, tied together by most by inheritance, property and trust funds. But young George and Barbara Bush took off from home the first chance they got, packing a car in Connecticut and heading for Texas.

With all their pro-family Saturday Evening Post rhetoric, the greatest contribution this bunch of Republicans has made to keeping families together has been to make it harder for young people to get enough education and jobs good enough to leave home. Maybe, though, there is more room around the house, since most is out working to make ends meet.

It is the weakness of the American family, not its strength, that created new "family issues" in this year's political campaigns. The Democratic candidate for president, Michael Dukakis, said more than once that he thought the most important problem confronting the United States was long-term medical care for

To Save the Dream

A acquaintance recently said his 20-year-old son had begun to doubt he would achieve his father's economic success. "I think the American dream is starting to run in reverse," the son said.

He may be right: His generation could be the first in America to end up worse off than its parents. Changes in the economy have reduced the earnings of young workers and undermined their ability to marry and form families.

The nation needs a long-term strategy to build on proven programs like Head Start and the Job Corps, and to repair the social safety net for young families. Investment in children and families is not a luxury. It is a national necessity. — Marian Wright Edelman, president of the Children's Defense Fund, in Newstadt.

LETTERS TO THE EDITOR

Missiles Enough Already

When Prime Minister Margaret Thatcher meets with President-elect George Bush in Washington on Thursday, she will be asserting British support for the deployment of new nuclear weapons in Western Europe.

Mrs. Thatcher, a keen exponent of the new deployments, is pushing for a NATO summit meeting on the issue in June. What she and other Western leaders fail to consider is the strength of public opposition in Europe to the deployment of new nuclear weapons beyond the cruise and Pershing missiles already in place have been removed.

According to an independent opinion poll taken last month, 71 percent of the British people (including 61 percent of Conservative voters) want more disarmament negotiations, not more nuclear weapons. And 52 percent say that U.S. nuclear weapons are no longer needed in Western Europe. A Dutch poll found that 63 percent of voters were opposed to nuclear "modernization."

A Message From Namibia

Regarding the report "In Namibia, Fighters in Independence" (Nov. 7): On March 12, 1987, a mortar shell from the South African Defense Force base close to Ponghosi killed two young girls and wounded seven others. Prior to this, there had been arrests, beatings, shootings of students and teachers, and sexual assaults on girls by South African soldiers. But the March 12 incident was the last straw. Soon after, students, teachers and parents started petitioning the South Africans to move the military base away from the school.

This led to further harassment by the South African Defense Force, and finally, in March, the students at Ponghosi started a boycott of classes. At two other schools in the north, Ombalantu and Ongongo, the students took courage from Ponghosi and demanded the withdrawal of military bases close to their classrooms. Soon, in a movement spreading from

Behind the 1938 Crisis

Regarding "Munich 1938: The Lesson About Military Strength Stands" (Opinion, Oct. 21) and "Munich: Two Miscalculations Endure" (Opinion, Oct. 21): These articles deal with symptoms but fail to consider the causes of the crisis that afflicted Czechoslovakia in 1938, ending in the Munich accord that allowed Nazi Germany to annex the Sudetenland, with its German population. Czech chauvinism against ethnic

One Passenger, No Frills

Your delightful story on the lone passenger on British Airways Flight 008 "A Little Tale of Vengeance for Air Passengers Everywhere" (Oct. 27) brings to mind the time in the mid-'50s when I was the sole passenger on a DC-3 flying from La Guardia Airport in New York to Nantucket, Massachusetts. As soon as we were airborne, the stewardess unceremoniously threw a tray bearing a sandwich and a piece of fruit at me, then disappeared into the cockpit. Unfortunately for the hungry 12-year-old I was then, the sandwich was frozen solid, and all my pressing on the call button was to no avail. Who says airline service has deteriorated?

Letters to the Editor

Slavs, Hungarians, Poles, Germans and Ruthenians cannot be forgotten. It was a fact of life in the newly created Czechoslovak state of 1918.

JOHN EVENSON, London.

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JOHN EVENSON, London.

Table with columns: NYSE Most Actives, Market Sales, NYSE Index, AMEX Diary, NASDAQ Index, AMEX Most Actives. Includes stock symbols, prices, and volume data.

Table with columns: NYSE Diary, Dow Jones Averages, Standard & Poor's Index, NASDAQ Diary, AMEX Stock Index. Includes market averages and indices.

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New York Stocks Edge Higher

NEW YORK — Stock prices closed slightly higher on the New York Stock Exchange in sluggish trading Tuesday as players retreated to the sidelines to await the September trade figures following the release of stronger-than-expected economic data.

The Dow Jones industrial average, which fell 1.95 points Monday, rose 12.09 to close at 2,077.17. Broader market indexes, however, managed only slight gains. The New York Stock Exchange index rose 0.29 to 151.33. Standard & Poor's 500-stock index rose 0.62 to close at 372.13. The price of an average share gained 6 cents.

Advances and declines were about even. Volume fell to 115.17 million shares from 142.90 million traded on Monday. Analysts attributed the low volume to a lack of players prior to the release of a key economic indicator, the U.S. merchandise trade report. The report, due Wednesday, is widely expected to show a narrowing of the deficit to \$10.8 billion in September from the \$12.2 billion recorded for August.

"Blue chips lead broader market issues because of fear that the market may go down after the trade figures are released," said Rao Chalasani, a market strategist with Prescott Ball & Turben Inc. in Cleveland. With that precaution, he said, "investors like to stay with safe companies."

Mr. Chalasani pointed to a softening in the dollar, as well as to two economic indicators released Tuesday, as fueling concern among investors. The government reported October retail sales rose 0.9 percent, more than expected, while industrial production rose 0.4 percent during the month, in line with forecasts.

"The latest economic indicators confirm fears that the economy is expanding at a faster rate than the market had hoped," said A.G. Edwards & Sons in St. Louis. In Tokyo, the Nikkei average of 225 selected issues, which gained 31.33 points to set a record on Monday, surged 308.51 points to close at a new high of 28,833.41.

Brokers said buying, which was triggered by lower domestic interest rates, covered almost all sectors. Strength in the dollar against the Japanese yen also encouraged some buying enthusiasm, they said. Prime Computer was the most active issue on the New York Stock Exchange, up 1 1/2 to 17 1/2. The company received a \$20-a-share takeover bid from MAI Basic Four, a computer company controlled by New York investor Bennett LeBow.

Niagara Mohawk followed, unchanged at 12 1/2. RJR Nabisco was third, off 1/4 to 28 1/2. IBM rose 1/4 to 117 1/2. AT&T gained 1/2 to 44. Exxon ended unchanged at 42 1/2. USX edged up 1/4 to 27 and Sears gained 1/4 to 41 1/2. The American Stock Exchange index rose 0.19 to close at 289.59.

Large table containing detailed stock market data, including stock symbols, prices, and volume information for various sectors and indices.

Wednesday's NYSE Closing

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

Table with columns: High, Low, Stock, Div. Yld. PE, Bid, Ask, High, Low, Stock, Div. Yld. PE, Bid, Ask. Lists various stocks and their prices.

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INTERNATIONAL FUNDS

Questions invited by funds listed. Not used where indicated by asterisk. For more information on some funds based on issue price. The numerical symbols indicate frequency of investments: (L) - daily; (W) - weekly; (B) - bi-monthly; (M) - monthly; (Q) - quarterly; (S) - semi-annually; (Y) - annually.

Large table listing various international funds with columns for fund name, ticker, and other details. Includes sections for ALMAH GROUP, AMERICAN MANAGERIAL, AMERICAN INVESTMENT, AMERICAN INTERNATIONAL, AMERICAN OVERSEAS, AMERICAN PACIFIC, AMERICAN REAL ESTATE, AMERICAN TRUST, AMERICAN WORLDWIDE, AMERICAN YACHTING, AMERICAN YACHTING II, AMERICAN YACHTING III, AMERICAN YACHTING IV, AMERICAN YACHTING V, AMERICAN YACHTING VI, AMERICAN YACHTING VII, AMERICAN YACHTING VIII, AMERICAN YACHTING IX, AMERICAN YACHTING X, AMERICAN YACHTING XI, AMERICAN YACHTING XII, AMERICAN YACHTING XIII, AMERICAN YACHTING XIV, AMERICAN YACHTING XV, AMERICAN YACHTING XVI, AMERICAN YACHTING XVII, AMERICAN YACHTING XVIII, AMERICAN YACHTING XIX, AMERICAN YACHTING XX, AMERICAN YACHTING XXI, AMERICAN YACHTING XXII, AMERICAN YACHTING XXIII, AMERICAN YACHTING XXIV, AMERICAN YACHTING XXV, AMERICAN YACHTING XXVI, AMERICAN YACHTING XXVII, AMERICAN YACHTING XXVIII, AMERICAN YACHTING XXIX, AMERICAN YACHTING XXX, AMERICAN YACHTING XXXI, AMERICAN YACHTING XXXII, AMERICAN YACHTING XXXIII, AMERICAN YACHTING XXXIV, AMERICAN YACHTING XXXV, AMERICAN YACHTING XXXVI, AMERICAN YACHTING XXXVII, AMERICAN YACHTING XXXVIII, AMERICAN YACHTING XXXIX, AMERICAN YACHTING XL, AMERICAN YACHTING XLI, AMERICAN YACHTING XLII, AMERICAN YACHTING XLIII, AMERICAN YACHTING XLIV, AMERICAN YACHTING XLV, AMERICAN YACHTING XLVI, AMERICAN YACHTING XLVII, AMERICAN YACHTING XLVIII, AMERICAN YACHTING XLIX, AMERICAN YACHTING L, AMERICAN YACHTING LI, AMERICAN YACHTING LII, AMERICAN YACHTING LIII, AMERICAN YACHTING LIV, AMERICAN YACHTING LV, AMERICAN YACHTING LVI, AMERICAN YACHTING LVII, AMERICAN YACHTING LVIII, AMERICAN YACHTING LVIX, AMERICAN YACHTING LX, AMERICAN YACHTING LXI, AMERICAN YACHTING LXII, AMERICAN YACHTING LXIII, AMERICAN YACHTING LXIV, AMERICAN YACHTING LXV, AMERICAN YACHTING LXVI, AMERICAN YACHTING LXVII, AMERICAN YACHTING LXVIII, AMERICAN YACHTING LXIX, AMERICAN YACHTING LXX, AMERICAN YACHTING LXXI, AMERICAN YACHTING LXXII, AMERICAN YACHTING LXXIII, AMERICAN YACHTING LXXIV, AMERICAN YACHTING LXXV, AMERICAN YACHTING LXXVI, AMERICAN YACHTING LXXVII, AMERICAN YACHTING LXXVIII, AMERICAN YACHTING LXXIX, AMERICAN YACHTING LXXX, AMERICAN YACHTING LXXXI, AMERICAN YACHTING LXXXII, AMERICAN YACHTING LXXXIII, AMERICAN YACHTING LXXXIV, AMERICAN YACHTING LXXXV, AMERICAN YACHTING LXXXVI, AMERICAN YACHTING LXXXVII, AMERICAN YACHTING LXXXVIII, AMERICAN YACHTING LXXXIX, AMERICAN YACHTING LXXXX, AMERICAN YACHTING LXXXXI, AMERICAN YACHTING LXXXXII, AMERICAN YACHTING LXXXXIII, AMERICAN YACHTING LXXXXIV, AMERICAN YACHTING LXXXXV, AMERICAN YACHTING LXXXXVI, AMERICAN YACHTING LXXXXVII, AMERICAN YACHTING LXXXXVIII, AMERICAN YACHTING LXXXXIX, AMERICAN YACHTING LXXXXX.

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Be sure that your fund is listed in this space daily. Telex: Matthew GREENE at 613595F for further information.

(Continued on Page 16)

دکتر امت الاحول

# COMMERCIAL REAL ESTATE

## Survey Highlights Top Ten Markets

"The difficulty with evaluating markets is that certain amounts of concessions are being offered," conceded Steward Forbes, president of Colliers USA. Indeed, the value of free periods, improvements and other concessions can vary from 10 to 25 percent of the base rent in prime locations. But the Colliers survey, based on quoted rents for an AAA tenant's five-year lease, clearly identifies the world's top ten markets.

**Tokyo**  
The survey confirms Tokyo as the most expensive office market in the world — a position that city has held for the past few years. In the central Tokyo areas of Marunouchi, Ohtemachi, Yurakucho and Yibiya, there are virtually no vacancies. The land price for prime office buildings is more than 5 million yen per square meter — if only it were available. Office rents for new tenants have increased by about 12 percent over the past year.

New tenants now expect to pay 13,000 to 18,000 yen per square meter (\$52-75 per square foot) per month, exclusive of electricity and

to location and quality. The average rent for a new, recent or renovated office is about 3,200 francs per square meter per year for prime offices, compared to 2,200 francs per square meter per year in other locations. The active development of outlying areas, particularly La Défense and some of the banlieues, such as St. Quentin en Yvelines and Melun-Senart, should mitigate prices in the future.

**Hong Kong**  
Real estate activity remains high despite the looming deadline for this Crown Colony to be annexed by Mainland China. Shui On Center and Harcourt House on Hong Kong Island, both completed earlier this year, are renting for up to \$23 per square foot.

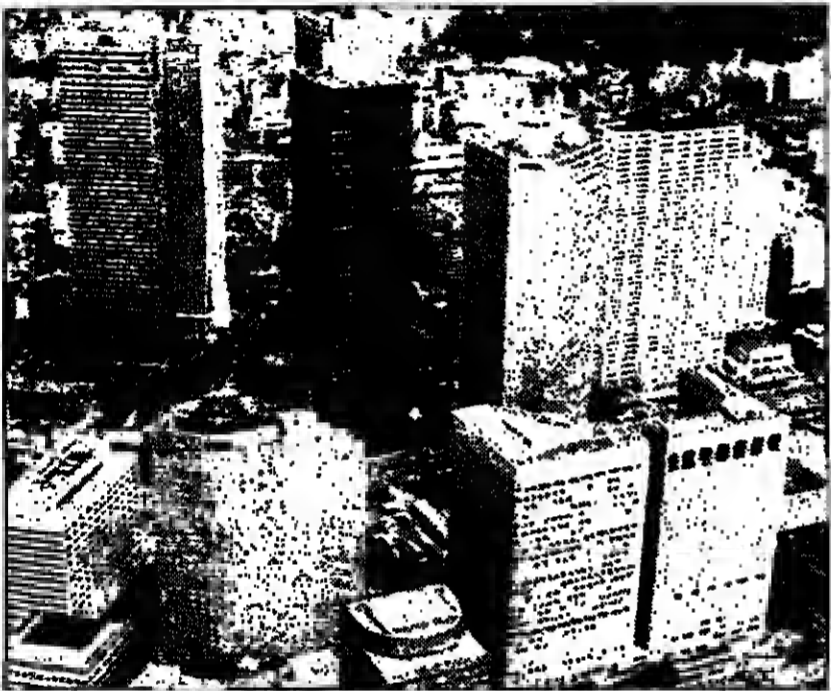
**Zurich**  
Prices went up 30 to 40 percent in the last two years, especially in the Central Business District, where one square meter can now cost from 900 to 1,300 Swiss francs (equivalent to \$300-440 per square foot). In other downtown areas prices run from 600 to 1,000 francs.

**Sydney**  
Somewhat surprisingly, Sydney has moved into sixth place from 12th in the April 1988 Colliers Survey. Continuing Japanese investment in this relatively small market is clearly raising property prices and rents.

**Washington D.C.**  
Look no farther than the Washington Monument for the reason why Washington has at last entered the ranks of high-priced cities: No building in the District of Columbia can be taller than the 170-meter-high monument. A shortage of developable downtown land is clashing with a regional boom and a recession-proof economy. Development in Virginia and the Dulles area will only partly take up the slack.

**Toronto**  
Like Sydney, Toronto has at last taken its place as a world financial center. Foreign investors, especially Chinese nationals and Hong Kong investors, have been active in this pleasant, clean city. The relative absence of suburban office markets has also helped to push up demand, with rents rising 10 percent per year for prime office space.

**London**  
The current economic boom, stricter building regulations — the city has all kinds of planning control limits — and scarce land has driven up rents," according to David Shulman of Salomon Brothers. "London has been very tight, he adds, "but there's a lot of construction under way, particularly in the



The high-rise skyline of Tokyo's Shinjuku district.

cleaning charges, according to Jones Lang Wootton. Furthermore, Japanese landlords require interest-free deposits of between two and 2.5 years rent.

**Paris**  
With the election over, signs of recovery and dropping unemployment are buoying the City of Light. While foreign investors, particularly from Japan and the United Kingdom, have shown considerable interest in areas outside the central business district, within the Triangle d'Or the market is tight. Modern or renovated buildings are selling for 70,000 francs per square meter (\$5,900 per square foot), up from 20,000 per square meter in 1983. Rents vary enormously according

to location and quality. The average rent for a new, recent or renovated office is about 3,200 francs per square meter per year for prime offices, compared to 2,200 francs per square meter per year in other locations. The active development of outlying areas, particularly La Défense and some of the banlieues, such as St. Quentin en Yvelines and Melun-Senart, should mitigate prices in the future.

## Hong Kong Market Tight As Vacancy Rate Hits New Low

The office vacancy rate in Hong Kong's central business district has shrunk to 0.4 percent, the lowest level in about six years.

The experts weren't too excited about Hong Kong's commercial property market when the National Mutual Group bought a medium size office tower near the colony's main business district in January of last year. Even the Australian insurance company itself expected nothing more than 8 to 10 percent growth for its \$53 million investment.

"When we bought this, people were forecasting a glut," recalled regional managing director Terry Jenkins. They couldn't have been more

wrong. In September, the building was valued at \$107 million — more than double the purchase price — and it shows no sign of slowing down.

National Mutual's experience isn't unique. Under pressure from a booming economy and a lack of suitable office space, Hong Kong's commercial property sector is soaring, a trend property specialists now say will continue until well into the early 1990s.

Across the board, office rentals have climbed 57 percent since last October's stock market crash and

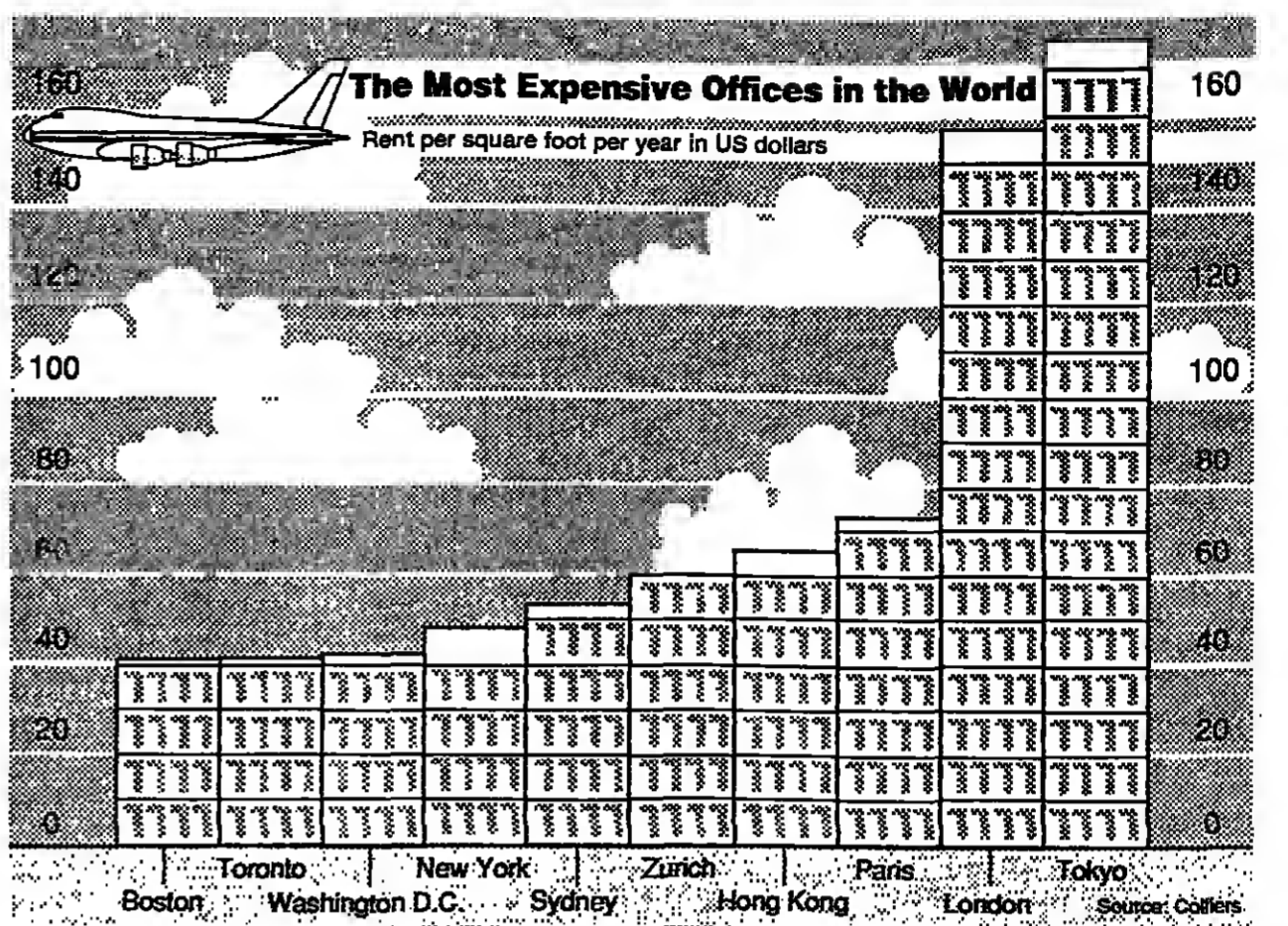
rents in the colony's most prestigious glass towers have increased, on average, by 73 percent, making them the world's most expensive commercial real estate after Tokyo and London.

"The market is so tight, there's not much alternative available," said Pol-Henry Cox, a director of property consultants Jones Lang Wootton. "People will have to swallow those increases."

Cox said companies renewing their leases in the prestigious Exchange Square overlooking Victoria Harbor are now paying rates as high as \$7.70 per net square foot, partly because of the soaring cost of moving elsewhere. A shortage of labor has pushed redecoration costs up some 30 percent in the last year, making a transfer to another building almost as expensive as staying.

Cox added that much of the commercial real estate is being taken up by companies expanding their oper-

See Hong Kong page 12



Recent rent rises in Sydney reflect its growing importance. Rents have increased by an average of 10 percent per year in the last five years, with a 5 percent rise recorded as of June 1988.

**New York**  
Midtown rents show continued strength yet, considering the overall cost of living in New York, it is surprising that the city didn't rank higher.

New York rents have increased less in recent years than many other cities. One factor mitigating office rents here is the greater freedom builders have than in London, Tokyo and many other foreign cities. The October Crash also had a downward effect on rent increases.

The Midtown vacancy rate is also approaching the double digits with several new projects coming on the

market, such as Worldwide Plaza. That is only one of the many projects on the West Side. Developers, led on by the success of the Equitable Center, are shifting their sights westward, easing rentals in East Midtown.

The outer boroughs and New Jersey continue to attract back-office workers. Citicorp is moving much of its Park Avenue staff to a building in Long Island City and, last week, Chase Manhattan announced it would relocate 5,000 workers to Downtown Brooklyn.

**Washington**  
Look no farther than the Washington Monument for the reason why Washington has at last entered the ranks of high-priced cities: No building in the District of Columbia can be taller than the 170-meter-high monument. A shortage of developable downtown land is clashing with a regional boom and a recession-proof economy. Development in Virginia and the Dulles area will only partly take up the slack.

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**Boston**  
The area's popularity with high-tech companies has encouraged demand, but prices are expected to ease as several major new projects come on line. "We would expect the market to soften," Forbes said. "It already has in the last six months." Steve Weinstein

## Pacific Place, Hong Kong. The right place at the right time.

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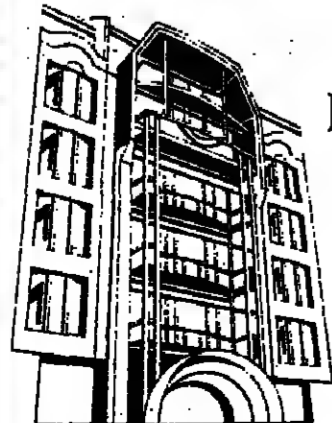
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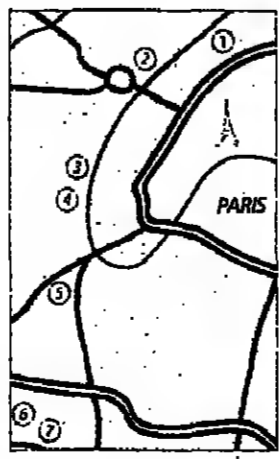
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- ⑤ Sèvres: Work premises + offices to let 4200 m<sup>2</sup> - Available 1st quarter 1988
- ⑥ Jouy-en-Josas: 500 m<sup>2</sup> offices to let Available immediately
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ADVERTISING SECTION

# COMMERCIAL REAL ESTATE

## Boom in Office Rentals Changes Paris Landscape

In recent years, the French economy has been stable and the government favorable to investment. The real estate market has been particularly strong, leading to major changes in Paris, especially along the Champs Elysées.

Fouquet's, the only remaining landmark cafe on Paris's famous avenue, was classified as a historic monument by the Minister of Culture, Jack Lang, on October 19. It was a last ditch attempt to thwart the owners of the Fouquet's building, a

group of Kuwaiti investors seeking to maximize their holding by jacking up the rent to the astronomical norms now accepted by new neighbors, such as fast-food giants McDonald's and Burger King. Will Monsieur Lang

save Fouquet's, well known as a rendezvous for cafe society in days gone by, now a chic restaurant favored by French showbiz execs and well-heeled tourists? The elegant gold and red interiors and exteriors cannot be altered now they are

"classified," but the foreign owners are still fighting for higher rents in the French courts and have announced they intend to sell.

Fouquet's is a well-loved symbol of Edwardian Paris, and for the ordinary citizen the battle had dramatized some harsh realities of the current market climate: the spiraling cost of commercial real estate rents, now touching 4,000 francs per square meter per year (around \$50 per square foot) in the best locations; and the influx of volatile foreign money into the city, with the English and the Kuwaitis in the lead and the Japanese catching up fast.

And finally everyone laments the slide down-market of the Champs Elysées, still included in the so-called Triangle d'Or, the nec plus ultra of Paris office and shopping space, but fast converting to arcades and food parlors whose turnover justifies the high rent. Cinema buildings are being sold and converted. Automobile showrooms have closed down. But McDonald's and Burger King are flourishing, as the high speed RER railway from the suburbs brings a steady invasion of suburbanites out for a good time. Weekends are especially notorious.

All this is the price of success. In three years, 5.25 million square meters of office space have been authorized, against an average of 600,000 square meters annually in the previous 10 years. Average Paris commercial rentals actually moved ahead of New York in 1987 but remain below London and Geneva, according to a survey by International Property magazine. Annual return stood at 7 percent in 1986. With the opening of the single European market

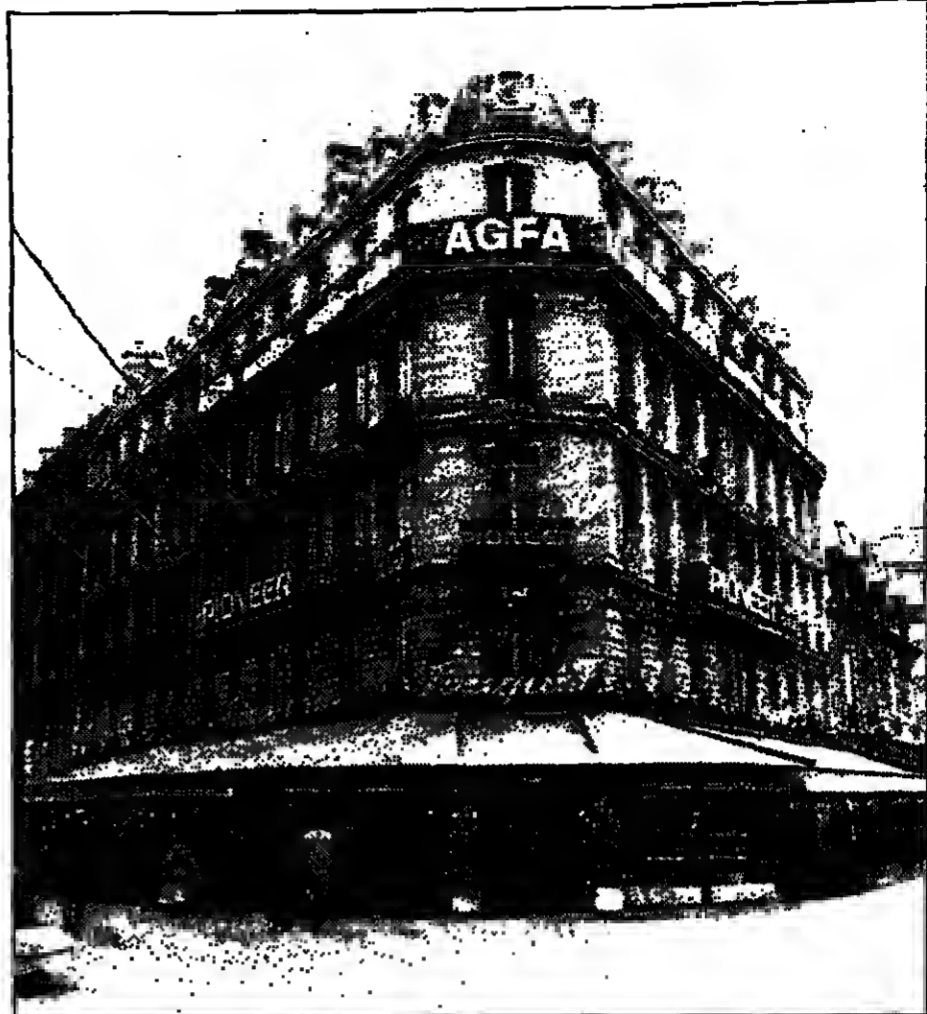
in 1992, the central geographical position of France is seen by foreign money as an added plus, especially in view of the high-speed train network (TGV) linking Paris with the rest of France and soon with the rest of Europe. The French authorities now aim to stimulate office development in the Paris region with a view to reaching 35 million square meters by the year 2000.

Some spectacular deals have recently been concluded in the Triangle d'Or. The ultra-glitzy Hotel Novaparc on Rue François 1er failed dimly as a hotel, but has now been rented in its entirety to Carier at 3,650 francs per square meter. According to Frédéric Freymann of August Thouard, real estate brokers who negotiated the deal, the world-famous jeweler should lend renewed glamour to boutiques in the entire area.

The magnificent Jours de France offices on the Rond Point, owned by the late aircraft magnate Marcel Dassault, remained ominously empty for months but have now been rented to the Japanese art gallery group URBAN for 4,000 francs per square meter, another feather in the cap of the French group August Thouard.

Meanwhile, work continues on the City of Paris' Bercy development project beside the Seine in the long-neglected 12th district east of city center. This boasts the Ministry of Finance as its star tenant, and also includes ultramodern office blocks with river views. One of the main problems in Paris is that downtown offices are often old-fashioned and ill-equipped for new technology installations; 62 percent are more than 20 years old.

Foreign real estate groups in Paris have been increasingly active. The American Company Kaufman and Broad won out over strong local competition to promote the 60,000-square-meter office scheme above the



Fouquet's on the Champs Elysées, a monument to cafe society.

future TGV station at Montparnasse. For over 2 billion francs, they found the right buyer in Japan — the KOWA, an affiliate of the Industrial Bank of Japan.

English brokers Healey & Baker were chosen to represent another key project, a 35,000-square-meter office development that probably will be the final building to go up at La Défense. At 1.2 billion francs it represents the largest real estate investment ever made in France by a British group. Owners are Heron International and Générale Continentale Investissements. The high-rise office towers of La Défense, visible from the Arc de Triomphe and connected to downtown Paris by the RER commuter train, were ridiculed 20 years ago but operate today at full capacity.

Healey & Baker calculate that in 1987 invest-

ment in commercial property in France totaled 24 billion francs, accounting for 1.3 million square meters of property, with 856,000 square meters of offices, 289,000 square meters of retail and 155,000 square meters of warehousing. Foreign groups took 20 percent of the total but almost half was represented by the Japanese purchase at Montparnasse. The British led with 7 percent, followed by Middle Eastern interests at 5.3 percent, the Dutch at 4 percent and the Japanese at 3.5 percent. Prices for recent sales have ranged from 70,000 francs per square meter paid by the Kuwaitis for the Gaumont cinema building, on the Champs Elysées, to 100,000 francs per square meter for offices at the Madeleine in a deal handled by the Midland Bank.

The supply and demand for office space this year has reached a nice balance with an estimated 13 percent of space currently on the market. Attention is now focused on the need to renovate older office buildings.

New planning regulations known as Le Pos (Plan d'Occupation des Sols) are expected to become law early next year. They would raise the density coefficient, the relation between the ground surface and the amount of office space permitted in many parts of Paris. Real estate experts say Le Pos is in no way revolutionary, but it could mean that some mediocre buildings can now be torn down and replaced at a profit. Other modernization schemes may also become possible where office areas can be expanded, either by adding extra floors or redistributing space. Carolyn Plaff

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## Hong Kong Vacancy Rate Hits New Low

Continued from page 11

ations, which places a premium on additional space in their present building. Central's high prices have had a ripple effect on secondary business districts. The Bond Centre, a swanky 1.05 million square foot complex in neighboring Wan Chai, filled up within half a year of its November, 1987 opening. Rental rates in the building have already increased 44 percent since the beginning of the year. Across the harbor in Tsim Sha Tsui, office buildings have increased 68 percent in value in 12 months while rentals have shot up 21 percent in the last quarter alone. No relief is in sight. While a number of major office projects are now under construction, most of the space is being taken up before the construction equipment is hauled away from the site. The 70-story Bank of China building, the sixth-tallest tower in the world, is not scheduled to open until next July, but only seven floors remain untreated and five of those are now under negotiation. Down the road, the Swire Group's massive Pacific Place project, a 40-story twin tower complex, is in equally high demand. More than 20 percent of the phase one tower was pre-rented with the rest filling up within a month of its August opening. The second tower has not gone on sale, but project officials confidently predict a full house by opening day next summer. Other projects are on the books, including a 1.5 million square foot complex in Wan Chai and another major site near the Bank of China, but none of these is scheduled for completion before 1992. "I can't see rentals coming down at least until 1992 or '93," said Neil Palmer, an associate partner with the Vigers property consulting firm. "The stability of this market is absolutely rock solid." Palmer said the stability was enhanced by the fact that a large percentage of the investment is from outside Hong Kong, particularly Japan, Korea and Taiwan. One of those investors is C. Itoh and Co. (H.K.) Ltd., a major Japanese trading, investment and real

estate firm. The company has a number of commercial projects now under development, including a \$128 million 32-story tower due to open in Wan Chai next year. Managing director Toshio Komada said Japanese companies have long viewed the Hong Kong real estate market as too unstable to become involved in major projects, but that attitude is changing. "We now see the long term trend as up," he said. "Even if there is a glut I don't think prices will come down that sharply." That new confidence in the market combined with the strong yen has made Hong Kong property extremely attractive to Japanese firms in recent months, he said. But while commercial property owners are enjoying the boom, Neil Palmer warned that the higher rental rates could still prove damaging to Hong Kong in the long run. He said the higher rentals are sure to be passed through to consumers and that could lessen demand for Hong Kong products and services. "Hong Kong is in danger of losing its competitive edge," he said. John Keating

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# COMMERCIAL REAL ESTATE

## Japan Moves Farther Afield In Pursuit of Property

From a distant fourth place only a few years ago, the Japanese have moved into the dominant position as foreign investors in U.S. real estate. As the yen's value continues to climb, private investors are joining institutions and construction giants.

The growth of the Japanese investor is reflected in Commerce Department figures: Of approximately \$5 billion of foreign investment in real estate in 1987, \$3.5 billion, or 65 percent, was Japanese. The figure is approaching 90 percent in 1988.

According to Warner Rotach, head of Horwath & Horwath International, Japanese institutions have also moved onto the East Coast of Australia and especially the Sydney market. The amount of investment there is still small — probably less than 20 percent of Japanese investment in U.S. properties.

Nevertheless, the pattern of investment Down Under is similar to that in the United States. The Japanese are currently confining themselves to major downtown properties and hotels, but with time, they may diversify.

The U.S. Commerce Department only breaks out real estate figures from total foreign investments, and they don't take into account partial investments in buildings and joint ventures. No one has tracked the data with total accuracy. Indeed, some experts predict that Japanese real estate investment in the United States reached a total of \$7.5 billion last year.

Overall, foreign investment in U.S. real estate continues the upward spiral begun during the OPEC-dominated years of the mid-70s. The United Kingdom still owns the most U.S. property, with the Netherlands second and Japan third.

Dan Neidich, a partner at Goldman Sachs, compared international involvement in American property to waves of interest. First came the English and Dutch, followed by oil-rich Arabs. In the early 1980s, before recent tax reforms made real estate write-downs difficult, Wall Street syndicators took up the slack after oil prices collapsed. Then the Japanese took over.

"They've got cash to invest," said Lawrence Bacow, director of research at MIT's Center for Real Estate Development, "but their markets are not deep enough." In addition, London and especially Tokyo are so overpriced that even prime Midtown New York buildings are a bargain by contrast — as little as a quarter as much for comparable Tokyo properties, even before the strong yen is taken into consideration.

Japanese institutional investors have made a big splash with high-profile purchases in New York and Los Angeles. The Japanese are continuing to invest heavily in those markets but are beginning to branch out. "There's investment interest all over the country, although they concentrate on New York and Los Angeles," said Stephen Miller, executive vice-president of FLIC (USA) Inc., a Japanese real estate investment firm.

"They don't go much beyond the top 10 metropolitan areas, except for Dallas and Houston," added David Shulman, head of real estate research at Salomon Brothers.

Hawaii is a notable exception. "Japan has long established roots in Hawaii," pointed out James Bonkamp, who tracks international investment for the Commerce Department.

One of the big advantages of U.S. real estate is the relatively high yield. "Yields on typical investment grade property are 4 to 6 percent, if lucky, in Japan; usually 2 or 3 percent," Mr. Bacow said. "Here, they buy investment grade property at 10 percent."

Thanks to their strong currency, they are buying at relative bargain rates. And Japanese institutions, benefiting from a thrifty populace, are awash in capital compared to their American counterparts. So they can afford to hold onto properties for much longer periods. "The Japanese have a different perspective on property value than Americans," Mr. Neidich noted.

Consequently, they are not as concerned with liquidity. "They may have the longer view, or they are willing to own at a lower yield of return than U.S. investors," Mr. Shulman said.

"They are into longer-term investment opportunities," Mr. Miller added. "Capital gains is not a primary motivation. They go for lower yields but buy higher-end properties."

Attracted by the American free-market economy, Japanese investors are beginning to branch out from buying commercial building to active development. Among apartment projects in New York benefiting from Japanese participation are the Belgravia on the Upper East Side, Manhattan Tower in Midtown and Bromley on the Upper West Side.

The experience of William L. Haines, who built the Brouley, is typical. He was put in touch with Haseko (New York Inc., a division of Hasegawa Komuten Company) by his American bank and Mitsubishi Trust. New York branches of major Japanese banks frequently act as marriage brokers in such deals.

Mr. Haseko, however, was far from a silent partner. "They attended all job, planning and various other meetings that go along with the development of a building," Mr. Haines said. Mr. Haseko had "specific inputs," he added, in the design and marketing of the building.

Joint venturing is also thriving on the West Coast, where the Japanese are participating in the \$140 million Emerald Shapery Center, a 30-story office building and 27-story hotel in Downtown San Diego. Earlier this year, Mitsui Fudosan purchased a



The development of Waikiki Beach has transformed Hawaii into a real estate investor's dream.

95 percent interest in 505 Montgomery in San Francisco. In Los Angeles the Japanese are involved in a number of projects, including two buildings in the Citicorp Center project. Mitsui Fudosan (USA) Inc. is building a 52-story tower at Figueroa and Wilshire.

Another area of expansion is hotels. A year ago, Aoki Corp. helped buy the Westin Hotel chain, and All Nippon Airways paid \$100 million for San Francisco's Meridian Hotel. Japan Airlines owns several hotels, including New York's Essex House.

Japanese construction companies have also invaded America in a big way. After 20 quiet years in Los Angeles, Ohbayashi Gumi expanded to New York late last year, as did Tobishima Corp. Japan's largest construction firm, Kumagai Gumi, is building both a 62-story building in Seattle and Worldwide Plaza, a huge mixed-use complex in Manhattan.

Now smaller Japanese investors are following the giant thrifts and insurance companies to North America. These investors are looking for condominiums that can generate rental income. Such investors include individuals and closely held private corporations. New York broker M.J. Raynes Inc. has even set up a special unit headed by a Japanese-speaking sales agent to handle the anticipated volume.

The reasons for the move into Australia are similar to the push into America that began in 1986. "If you look at the Japanese investor today, he really has very few options," Mr. Rotach said. "The number of opportunities in a country such as Australia is similar to the United States."

Australia has opened up to international investment in the last 10 years. Before then, most international investors had hardly considered, let alone visited, Australia. "Today," Rotach pointed out, "Australia is very much a part of the scene."

Although there has been some tentative movement into China, real estate investment remains difficult there. By contrast, in Hong Kong, the Japanese have made a big impact in the property market. According to a study for international property consulting firm Jones Lang Wootton, Japanese invested HK\$5 billion in 1987, three times as much as the previous year. This made the Japanese by far the largest overseas investors in real estate in the Crown Colony.

In Hong Kong, the investors have been small to medium sized. This is because the scale of investment is usually small, and decisions must be

made quickly in that volatile market. There is also a shortage of high-profile buildings. Hotels have attracted considerable Japanese interest — hardly surprising in view of the dominant role of Japanese tourists there.

Overall, investments in the Hong Kong property market represented 60 percent of all Japanese investment there in 1987.

In Europe, the relative strength of major European currencies relative

to the yen makes those nations far less attractive than the weak U.S. and Australian dollars. Besides, many of those nations face the same problem that drove Japanese capital abroad in the first place: limited prime properties in overheated downtown markets.

In Paris, however, foreign investment has increased to 20 percent of the market in 1987 versus only 10 percent the year before. Kowa purchased a new office complex in

Montparnasse for 2.5 billion francs; Citibank bought into the Manufacture de Stéves; and Jowa Kusan and Gan bought the Palais Berlitz. The Japanese interest in Paris underscores the position of the French capital in world financial markets.

South America remains too risky. As for Africa, "Some investments are coming into Africa," Rotach said. "But they're very speculative."

Perhaps surprisingly, one nation that has been seen heavily Japanese investment of late is South Africa. The Japanese institutions are keeping very quiet about it, but many of them are moving to refinance major buildings, especially in Johannesburg. "You don't hear a lot about it, but Japanese investors are filling to a large extent the ranks of American, Canadian and U.K. investors pulling out."

The Japanese don't fear turmoil in South Africa, and they don't face the same opprobrium at home as do Western nationals. But they tread softly for fear of alienating Western public opinion.

"So," Mr. Rotach concluded, "if you look at it, the best alternatives are still the U.S. and Australia a close second."

Steve Weinstein

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# COMMERCIAL REAL ESTATE

## Wall Street on Water: The Docklands Story

If some divine architect were to sit down with the founding fathers of the City of London to design a new global financial headquarters for the 1990s, he would surely surface with a blueprint of Docklands. The eight square miles of Thames-side wasteland on the City's eastern fringes is fast emerging as an ideal international business operations center.

If anyone had vestigial doubts about the massive 71-acre Canary Wharf scheme in London's Docklands, they were dispelled in October when Olympia & York bought Limehouse Studios. The Canadian giant agreed to pay £25 million (\$43 million) for the six-acre site which lies in the middle of phase two of the £3 billion project.

The deal, which follows months of negotiations, clears the last obstacle in the way of the financial mini-city which has been dubbed "Wall Street on Water." It means that Olympia & York can now go ahead and create Europe's biggest single development or, as O & Y's

### Docklands may become a global financial center

Paul Reichmann terms it "alternative City of London." He is too modest. The signs are that Docklands will usurp the City's role.

That outcome seems inevitable as 500 construction workers swarm over Canary Wharf's Isle of Dogs site to build the first phase of a super high-tech powerhouse. Eventually, it will comprise 24 buildings with 12 million square feet of space, including a 50-story obelisk 200 feet taller than any other tower block in London. As many as 60,000 people will work there.

As realtor Savills points out in its definitive Isle of Dogs Office Survey, Canary Wharf is only part of the story. There are dozens of other smaller but still significant schemes coming on stream, such as Harbour Exchange with 1.25 million square feet, Thames Quay with 190,000 square feet (ready in April) and Fleet House with 43,000 square feet (available in July).

There is also an abundance (currently, an excess) of residential building and a shopping and leisure

infrastructure, promising a high-quality executive life-style unequalled elsewhere in London.

Had it not risen from the redundant docks, Docklands would have had to be created elsewhere. The old City couldn't cope. With its serpentine streets suffering permanent traffic thrombosis, its warren of crowded Dickensian offices, its obsolete telephones and archaic communications, it was a wonder it could compete with other financial centers of the Western world.

Indeed, despite the high-caliber staff and long-established traditions, the City's primacy was eroding. Then the London Docklands Development Corporation (LDDC) was established in July, 1981. With the aid of the Thatcher governments, it has since witnessed a seven-year economic miracle which is now accelerating.

In cash terms, LDDC has injected more than £250 million; this drew in private investment of £2.2 billion, £1.2 billion of which was put into industrial and commercial schemes. A further £3 billion of private sector money is committed.

Services have followed. Some £188.8 million is already being spent on improving road access. The London River Crossing, a new bridge, will follow in 1992. The Docklands Light Railway (DLR) runs between Tower Hill and Island Gardens at the southern tip of the Isle of Dogs. A western extension to Bank Underground, partly funded by Olympia & York, is currently under construction and scheduled to open in 1990.

The current DLR capacity at peak hours is 4,000 passengers per hour. Eventually, the total capacity of the trains which will run to Canary Wharf is set to be close to 20,000 — still significantly less than the number of people who will be

working there. The balance will be conveyed by a river bus service. Currently, a boat operated by Thames Lines serves the Isle of Dogs from Charing Cross and calls at Greenwich and London Bridge. Olympia & York will run its own high-speed boats from Waterloo. There is ample pier capacity.

An inner-city airport was long considered impossible but in Docklands it has been achieved. London City Airport, owned and managed by Mowlem, currently handles nearly 3,000 passengers per week. Two flight operators, Brymon Airways and London City Airways, run flights to Paris, Amsterdam and Brussels.

With the single European market of 1992 approaching, the prospect of the BA146 "quiet jet" being able to use London City Airport, coupled with the current and proposed strategic road links to the M25 to both north and south and thence to the Channel Tunnel and ro-ro ports, Docklands is sure to become multinational. It will be possible for the businessman to leave his office and be standing in Charles de Gaulle Airport only one hour later, thus enabling the "half-day meeting."

Added to the attractions of these facilities, a further incentive available in the Enterprise Zone heart of Docklands is the absence of general rates (property taxes) until April, 1992.

More important in the long-term is the sophistication of the purpose-built facilities, with their abundant parking space, large floors, high ceilings and deep floor voids. This means that ducts, cables and terminals for air conditioning, computer networks, data systems and satellite TV are built-in, in contrast to the obsolete "period pieces" of the City.

Satellite dishes proliferate on the Isle of Dogs where the telecommunications of tomorrow are already working. Unhindered by old systems and equipment, both British Telecom and Mercury have established brand new state-of-the-art fiber optic cable networks, often with duplicate cabling for back-up. The global 24-hour communications needs of contemporary dealing on the world's money markets are thus amply met.



Canary Wharf, the site of Olympia & York's new development.

"With rents at less than half the City level," says realtor Jones Lang Wootton, "this is an overpowering proposition for any company."

International financial service companies are flooding in. Credit Swiss and Morgan Stanley have 500,000 and 700,000 square feet respectively in Canary Wharf. Reuters has 250,000 square feet in East India Dock; Kokusai Denshin Denwa, 184,000 square feet; Imperial Bank of Commerce, Lloyds Bank and Citicorp, 160,000 square feet each in London Bridge City. Some 40 other financial companies with more than 10,000 square feet are listed by the LDDC, including Swedish, Danish, West German and Japanese.

The City of London has for generations been regarded as the powerhouse of Britain's economic strength. Now it is revealed as merely a location. A better location has emerged, so the power is moving east.

Alec Snobel

## Incentives Attract Tenants to Triangle

In order to attract commerce, the government has granted such concessions to businesses locating there as freedom from capital taxes and rates (property taxes) until 1992. For owner/occupiers of work premises, further tax relief is available on fitting-out costs.

Accordingly, there is considerable international interest in The Triangle, an important new development in Docklands, Isle of Dogs featuring commercial penthouses, office suites and retail units. The 90,000 square foot landmark, to be completed in 1990, is close to Europe's biggest development of all, Olympia & York's Canary Wharf,

A major attraction of London Docklands for commercial companies and investors is the Enterprise Zone status of its heartland.

destined to become a world financial center and, perhaps, successor to the City of London.

The Triangle, linked by a walkway to the new Docklands Light Railway Crossharbour station which gives it access to London's central transport network and terminals, is divided into prime self-contained business suites producing an ideal working environment for professional and service companies.

The Triangle Management Company, which will maintain the facilities, also offers a service on behalf of investors, handling lettings for assured rental income and, based on historic trends, substantial capital accrual. Detailed advice on the enhancement of tax relief for owner occupiers — whether companies, partnerships or individuals — is available through the developers Clinton Scott Holdings.

Chief executive Guy Clinton Scott emphasizes that The Triangle occupies what is becoming a

fully integrated location. Apart from the shops on the ground and first floors of the development itself, the Harbour Island concourse and the Asda superstore are both within a three minute's walk. So are restaurants and wine bars overlooking the Thames — ideal for business and social entertaining. No fewer than 40 indoor sports will be featured at the London Arena, a multipurpose recreation venue and conference center which opens nearby in February.

Purchasers of Triangle suites will receive a complimentary "Gold" life membership to the Arena Health and Fitness Club.

Alec Snobel

## Limburg Capitalizes on its Location

Venlo Trade Port lies inland, where the routes between the German Rhine-Ruhr area and the ports of Amsterdam, Rotterdam and Antwerp intersect. Its current development, which is being undertaken by ECT, one of Europe's largest container companies, devel-

Rotterdam and Amsterdam are the Netherlands' leading contenders for the title of "Gateways to Europe." But in Limburg, the country's southernmost province, a new force is emerging.

opers Wilma Vastgoed and Venlo municipality, emphasizes Limburg's ambition to be recognized as "the hub of Europe."

Further south, Wilma Vastgoed are also developing the Maasrict exposition and congress center. When mine closures threatened the area, the

Limburg Investment Bank responded by harnessing its entrepreneurial skills to draw in new businesses and restructure the local economy.

Over 40 multinational companies, including household names such as Rank Xerox, United Technologies and Emery Worldwide, have since

moved into the area. At the same time, hundreds of local companies have diversified into new fields.

Within a 78 mile (125 kilometers) radius of the province lie 50 million consumers and 150,000 of Europe's major companies. Wedged between Belgium and West Germany, the province is well-served by both the continental motorway network and Maastricht Airport, second only to Schiphol within the Netherlands, which last year recorded a 22 percent increase in cargo traffic.

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or call property manager, Mr. Haynes Tel: 305-852-8225

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سكرا من الأصل

# COMMERCIAL REAL ESTATE

## Suburban Solutions to Madrid's Space Squeeze

With the Spanish economy growing by some 5 percent annually, double the average European growth rate, Madrid is feeling the boom more than elsewhere in the country. The city, population 4 million, is very much Spain's business center as well as its political capital.

Almost all the multinationals operating in Spain have their main offices in Madrid and the lion's share of the financial, energy, electronics and construction sectors is likewise housed in the city. In all, more than 700 of Spain's top 2,000 companies are headquartered in Madrid; Barcelona, in comparison, is home to some 500.

The concentration of business in the city at such an expansive time has meant that the demand for office space has never been greater.

Madrid's space squeeze is illustrated by a mere 1.45 percent vacancy rate this year of available office stock for sale or lease. In comparison there is a 2.5 percent vacancy rate in both Frankfurt and Brussels, 3.1 percent in the Paris region and 3.5 percent in Central London, according to a report prepared by the Madrid branch of Richard Ellis, the office rental organization.

The city's problem is essentially one of undersupply: office space is badly needed and there is very little available. The ratio of office square meters/inhabitant in Madrid is 81

The combination of economic expansion, limited existing office space and tightened planning controls has caused rents for prime properties in Madrid's business district to more than double in less than three years. One consequence is a new real estate trend in the Spanish capital — there is now a strong demand for out-of-town large office space areas.

percent against 12 percent in Frankfurt, 6:12 in Brussels, 3:10 overall in Paris and 2:64 in greater London. Planning controls, now strictly enforced, rule out a significant increase in the volume of office space in Central Madrid. Old buildings can only be refurbished; they cannot be knocked down.

At the northern end of Castellana boulevard there is an emerging Manhattan-like skyline which is dominated by the shortly-to-be inaugurated 46-story Torre Picasso. But although this highrise and others clustered around it represent more than 500,000 square meters (over 5 million square feet) of modern office space, this new business district has not significantly alleviated the squeeze.

At the end of 1987 there was an unsatisfied demand for prime site office rental space in Madrid of approximately 83,000 square meters and, if current economic growth

patterns continue, commercial real estate experts believe that the unsatisfied demand figure will stand at around 200,000 square meters in 1991.

The squeeze has dramatically fueled the city's rent rise. Rents for prime office properties in Madrid have gone from 1,900 pesetas per square meter (\$19.50 per square foot) in December, 1985 to 2,400 pesetas in December 1987; 3,000 pesetas in December 1987; and 4,000 pesetas per square meter in October 1988.

Such factors have created the trend toward out-of-town accommodation. Three companies — Hewlett Packard, Kodak and Banco Hispano Americano — have in the past four years built their own office space more than 20 kilometers (13.2 miles) northwest of the city center close to the town of Las Rozas along the NV1 motorway.

This private-sector initiative has

now prompted the Madrid Development Board to sponsor an office park in the Las Rozas area in order to relieve pressure on the Castellana zone. Las Rozas, where the resident population has jumped from 13,000 to 21,000 between 1981 and 1986, is one of Madrid's fastest growing satellite towns.

Kodak, which was the pioneer company in Las Rozas, originally needed five buses to take its clerical staff out to its new premises. Currently only two buses are required as Madrilenians themselves have followed the drift out of the city center.

The Las Rozas project breaks new ground in the commercial real estate sector. Previously the only decentralized office area in Madrid was near the junction of the airport motorway and the city's M-30 ring road where companies such as 3M, NCR, Philips and AGF built structures during the last decade.

Development beyond the city's limits seems likely to continue. One growth area is Tres Cantos, 20 kilometers north of the city center on the C-601 highway, which is the site of Madrid's technological park.

AT&T has a major new plant producing integrated circuits at Tres Cantos and the technology park's planners expect to attract some 150 companies to the area.

Tom Burns



Madrid's La Castella, overshadowed by the central business district.

## Building Materials Directive Will Open Up EC Industry

One of the most far-reaching directives to come out of Brussels will cover building materials. The stakes are high, as the market was worth about 110 billion European Currency Units (\$121 billion) in 1985, and cross-border trade is already brisk. In 1986, imports accounted for some 20 percent of materials supplies in West Germany, 30 percent in France and 50 percent in the United Kingdom.

Initially, the Commission wanted to harmonize standards for materials, but has settled for fixing six "essential requirements" for their performance, such as fire and health hazards.

The big task now is to write the interpretative documents detailing the link between products and the completed construction, according to Jean-Pierre Bardy, an official of the French Equipment and Housing Ministry. "The important point is that performance standards will be measured in the finished work, and not by products on their own," he explained. The directive should be adopted during the first half of 1989 and be effective in all 12 countries 30 months later. Contractors welcome the measure, as they believe they will have access to higher quality materials at a lower price, according to Gabriel Madelin, at the European Construction Industry Federation (FIEC).

The directive on public works, although separate, is linked. Product norms will have to apply in government contracts, and materials account for a rising proportion of the overall price as the value-added element grows. Only about 2

The single European market means revolution for the construction and real estate industries. The impact on the construction sector, which accounts for more than 9 percent of the EC's gross domestic product, could be particularly sharp, as competition will open up captive government contracts.

percent of the 150 billion ECUs (\$165 billion) worth of public works orders in the European Community go to firms in other member countries at present, but this could change when the directive takes effect, probably at the end of next year.

The content of the directive has been hotly contested, as countries could not agree on whether to keep national preference for public works programs nor on the field of applications. The idea, although now limited to infrastructural schemes with at least 50 percent of the cash provided from public funds, is to give firms from all countries an equal opportunity to pitch for business.

This should stem from public bodies providing prior information on projects, doubling the time to submit bids, publishing the results, and explaining the reasons for rejections. These provisions should save governments about 10 percent on their orders, according to European Parliament estimates.

However, the new rules may have little effect on industry practices, in the short-term at least. "The measure goes in the right direction, but its value is largely symbolic," said Mr. Madelin.

He thinks only large companies will want to go through the upheaval of moving personnel and equipment any distance from their home base, and then only for large contracts. "Companies are not afraid of the competition the directive could generate," Mr. Madelin said. "They are more interested in the opportunities it could bring."

Several other directives on government contracts have also been adopted or are in the pipeline. One on procurement was adopted in March and will come into force next January; another to bring energy, water, public transport and telecommunications services under the rules is in preparation. A third covering violation of the rules was redrafted after running into opposition from the British, French and German governments, who objected to the idea of increasing the Commission's powers to suspend a contract if the successful bidder stepped out of line.

Proposed legal remedies for those firms hurt by the infringement of procurement rules also had national hurdles to overcome, said one Commission source.

Discussions should begin shortly on new amendments, and although

they will still enable the Commission to suspend contracts, they will make the powers "less obviously open to abuse," he said.

"The Commission can already demand cancellation of a deal, but it now has to go through the time-consuming process of taking the case to court," he explained. "We need the powers to be made more practical."

The 300-page directive on public utilities ran into trouble too, partly because what is public in France may be semi-public in Italy and private in the United Kingdom. The way out was to list all the organizations to be covered, but the

process has held up work on a directive on government services, which will now start in the New Year.

Among other measures affecting the construction and real estate industries, the deregulation of capital movements in July 1990 will permit funds to be raised anywhere in the Community. Greater competition, it is hoped, will help to cut financing costs.

The barriers keeping architects at home have already come down; a directive giving mutual recognition of qualifications and the right to practice throughout the Community became effective last August. Similar measures for engineers should follow, and involve less debate than the architects whose case was complicated by difficulties in defining the discipline: artistry

dominates in France, whereas engineering does in Germany.

Realtors and managers are covered by the general directive on recognition of diplomas. Due to be adopted any day now, this states that professionals are free to work anywhere in the Community, providing they respect national regulations. Governments and associations will have two years to devise rules on equivalence, based either on academic credentials or experience.

"It has put the ball in our court," commented Andrew Irvine, Secretary General of the International Real Estate Federation (FIABCI) in Paris. "We will have to regulate the profession ourselves and come up with minimum standards to protect customers."

Barbara Casassus

ish, Danish, West German, Japanese.

### Triangle

fully integrated here. Apart from the shops, the ground and floors of the development, the Harbour Square concourse and the superstore are built in a three minute walk. So are restaurants, wine bars or coffee shops — ideal for business and socializing. No fewer than 50 door sports will be featured at the London Arena, a multi-use recreation center opens nearby in February.

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moved into the same time. Last of local companies diversified into fields.

Within a 150 (125 kilometers) radius the province lies the consumers and Europe's major cities. Wedged between Belgium and West Germany, the province well-served by the continental network and Airport, second of islands, which has recorded a 22 percent increase in cargo

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Tuesday's NYSE Closing

Tables include the nonfictive prices up to the closing on Wall Street and do not reflect late trades elsewhere.

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U.S. Futures

Via The Associated Press

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NYSE High-Lows

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Chrysler Discussing Venture With French Carmaker Renault

DETROIT—Chrysler Corp. is negotiating a joint venture with Renault of France that could be announced within the next three to six months, the head of Chrysler's international operations said Tuesday.

Michael Hammett, a Chrysler vice president, said the venture could take place in North America and Europe. He refused to confirm whether the automakers are discussing joint production of a vehicle. There has been speculation within the industry that Chrysler is seeking a European source for production of its Minivan models.

Lee A. Iacocca, the chairman of Chrysler, said in Paris in September that "discussions" were under way about making cars in Europe.

FRENCH COMPANY HANDBOOK 1988

Now in the 1988 completely revised and updated edition, almost 200 pages of readable information in English on a selection of 85 of the most important French companies, as well as basic facts on other major firms. Includes information on the French economy and major sources of activity, an introduction to the Paris Bourse, and a bilingual dictionary of French financial terms.

Table listing various French companies and their details.

London Metals

Table with columns: ALUMINUM, COPPER, GOLD, etc.

London Commodities

Table with columns: SUGAR, COFFEE, etc.

Dividends

Table with columns: Company, Dividend, etc.

To Our Readers

Paris commodity prices were not available for this edition because of problems at the source.

S&P 100 Index Options

Table with columns: Strike, Bid, Offer, etc.

U.S. Treasuries

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BUSINESS/FINANCE

WEDNESDAY, NOVEMBER 16, 1988

MADISON AVENUE

Next U.S. Eclipse in 2017? Mitsubishi Bids to Differ

By RANDALL ROTHENBERG

NEW YORK — "Astronomers tell us there won't be a total eclipse in America until the year 2017," the commercial begins. "They are very much mistaken."

And so the Eclipse, the new sports car from Mitsubishi Motor Sales of America, was introduced on television. The message of the commercial is true enough: The United States Naval Observatory confirms that the next total eclipse of the sun visible in the continental United States will sweep the country on Aug. 21, 2017.

Mr. Stickle's first effort for Grey was introduced last week, when the Eclipse and its advertising were presented to the press. The car is to go on sale early next year.

Mitsubishi's recent advertising eschewed image and emotion. By contrast, the Eclipse's first flight of ads focuses almost entirely on image. The aim is "to get people used to the look of the car," Mr. Stickle explained.

The foundation of this initial effort is an ad that will run in 5,000 movie theaters between Dec. 15 and Jan. 15. Conceived by Jon Stone, a Grey writer, and shot by the director Steve Horn, the 90-second film, entitled "Caper," is completely soft sell — there is no dialogue, no copy, until the very end.

The setting connotes a television detective show. People are gathered in a courtyard near a museum, gazing at an eclipse of the sun. A jewel thief, knowing that the museum holds a large diamond protected by a laser system that runs on solar power, creeps through the preoccupied crowd and into the building. When the sun blacks out, he pockets the gem and steals off in an Eclipse piloted by a beautiful young accomplice.

THE ECLIPSE's image campaign will run for only three or four months, and then product-based ads will take over. This is consistent with the current effort of Japanese auto makers to concentrate on competing with the lower end of the European luxury-car market.

The United States, Japan and West Germany own the 10 most powerful brand names in the industrialized world, according to a new study by Landor Associates, a San Francisco-based corporate image consultant.

Landor surveyed 9,000 consumers in the United States, Western Europe and Japan to determine which brand names were the most recognized and respected. Coca-Cola and IBM finished first and second in the combined three markets, while McDonald's and Disney were fifth and sixth.

The best-known Japanese brands were Sony, in third place, and Honda, Toyota and Seiko in seventh, eighth and ninth. Two German luxury auto makers complete the list, with Porsche the fourth-most powerful brand name in the world and BMW the 10th.

Landor said the survey indicated only 40 brands "have a presence" in all three markets, and, unsurprisingly, the strongest Japanese brands are in electronics and automobiles, while European labels are best known as luxury items.

Other Japanese brands include Sony, in third place, and Honda, Toyota and Seiko in seventh, eighth and ninth. Two German luxury auto makers complete the list, with Porsche the fourth-most powerful brand name in the world and BMW the 10th.

Landor said the survey indicated only 40 brands "have a presence" in all three markets, and, unsurprisingly, the strongest Japanese brands are in electronics and automobiles, while European labels are best known as luxury items.

LeBow Bids for Prime

\$970 Million Price On Computer Firm

Compiled by Our Staff From Dispatches

NATICK, Massachusetts — MAI Basic Four Inc., a computer maker controlled by the New York investor Bennett S. LeBow, began an unsolicited offer Tuesday for Quinn Computer Corp., that values the larger company at \$970 million.

MAI Basic, which already owns 4.1 percent of Prime's 48.5 million outstanding shares, is offering shareholders \$20 a share for the remainder of the stock.

Prime's stock was the most active on the New York Stock Exchange Tuesday, gaining \$1.875 to \$17.75 a share.

Several securities analysts and consultants were skeptical about the bid. Prime, which this year acquired Computer Services Corp. for \$435 million, is about four times the size of MAI Basic.

Both Prime and MAI Basic sell midrange computers, but analysts noted that the two companies make incompatible products and serve different markets.

"I'm pretty dubious that the offer is even genuine," said David Wu, analyst with S.G. Warburg & Co.

A spokesman said Prime's board would meet within two weeks to consider the offer.

Mr. LeBow owns 43 percent of MAI Basic's stock with an associate, William Weikel. Mr. LeBow also controls Western Union Corp. and Liggett Group Inc.

He recently notified the Federal Trade Commission that he might buy more than 50 percent of American Brands Inc., which has said it will resist Mr. LeBow.

The offer for Prime is contingent upon MAI Basic getting at least 67 percent of Prime's outstanding shares on a fully diluted basis.

MAI Basic, which is based in Tustin, California, said it had filed suit against Prime in Delaware Chancery Court seeking to block Prime's shareholder rights plan.

One analyst, John Rohal of Alex. Brown & Sons, said MAI's offer price was "pretty cheap." He said \$970 million was only 61 percent of his estimate of Prime's 1988 revenue, which is \$1.575 billion.

But another analyst, Jay Stevens of Dean Witter Reynolds Inc., said the price was reasonable. He said Prime's book value was \$11 a share, including \$5.60 of goodwill accumulated in the acquisition of Computervision.



Steven M. Lewis at his Burger King outlet. Franchisees want more backing from the company.

At Burger King, Anger Is Flaring

Franchisees Say Pillsbury Is to Blame for Their Woes

By Eric N. Berg New York Times Service CHICAGO — In the world of Burger King franchisees, Steven M. Lewis is a winner. The 21 Burger Kings he and a partner own in the Philadelphia area generate profit of more than \$3 million a year.

But Mr. Lewis is far from happy with Burger King Corp. and its owner, Pillsbury Co. "Burger King is a strong restaurant concept that has survived in spite of itself," he said.

Other Burger King franchisees also are critical of Pillsbury. Bill Pothios, a franchisee in Montreal, said, "For years, Burger King has been under pressure from Pillsbury to produce profits at the expense of our own bottom lines."

Discontent among the franchisees has been mounting since Pillsbury announced last week that it would spin off Burger King and have it borrow heavily to finance a special shareholder dividend.

Arguing that any further "leveraging" of Burger King would doom the chain, franchisees are considering alternatives, such as their own leveraged buyout.

There have been disputes between franchisees and their corporate parent before, but outside experts said they have not been nearly as bitter as this one.

One reason for discontent is that, in general, Burger King franchisees are not doing well. Although some, like Mr. Lewis, said they were pleased by results, many franchisees reported flat sales and shrinking profits.

Typically, they blamed Pillsbury for their woes, saying that it has not invested enough money in the operation.

Burger King Corp. contributes to the chain in several ways. It is responsible for designing and arranging advertising and promotions, although it does not pay for them. It also gives franchisees training materials and provides them with research on everything from where to buy an efficient deep

See BURGER, Page 19

EC Considers Scaling Back Insurance Plan

LUXEMBOURG — The European Commission is considering scaling back an ambitious plan to open up the life insurance market in the European Community, sources said Tuesday.

Commission sources said revised proposals, which still must be approved by the 17-member EC executive body, would retain the essential element of allowing people to shop around within the community for life insurance policies, but it would make it harder for them to do so.

The commission is considering limiting free-market, cross-border sales to policies sold on an "own-initiative" basis, where an individual actively seeks a policy in another country.

Companies from one nation selling their services directly in another EC country would be bound by the rules governing domestic sales.

The commission is also considering placing strict limits on the amount of cross-border advertising of insurance services. This would limit cross-border sales, since most life insurance policies are sold through direct marketing.

The proposals, which could emerge by the end of this month and would then need approval of the 12 EC members, should go some way towards opening up competition and narrowing differences in the prices of insurance premiums.

The community's biggest consumer lobby group, the Bureau of European Consumer Unions, estimates that insurance premiums are 10 times more expensive in Portugal than in Britain.

"We had originally thought we could do life insurance all at once, but now realize it will have to be in stages," an EC official said.

Moves to open up the heavily regulated, billion-dollar insurance industry have been seen as a test of the community's resolve to eliminate internal trade barriers by 1992.

EC governments agreed this year to open up the market in non-life insurance for commercial risks, which would allow companies to

buy insurance anywhere in the community after 1990.

"The non-life directive was a major breakthrough in the whole field of financial services," said Peter Price, a conservative British member of the European Parliament.

"Out of all the measures needed to create a single market," he added, "the greatest doubt about the political will of the member states lay in the field of financial services."

Life insurance industry is far more difficult to liberalize, since the tax treatment of policies varies widely across Europe.

Subaru Maker Reconsiders French Plant

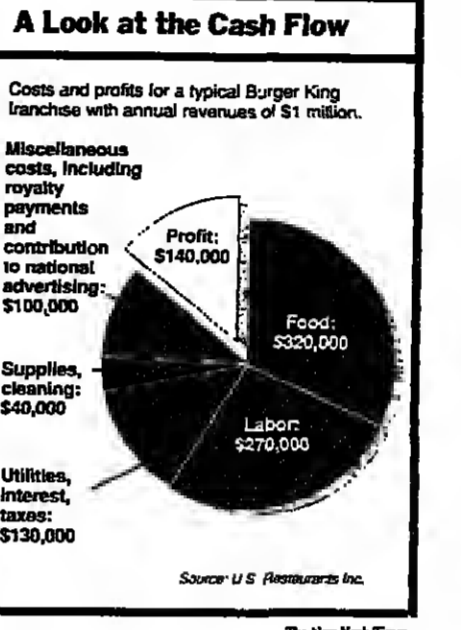
Compiled by Our Staff From Dispatches

TOKYO — Fuji Heavy Industries Ltd. said Tuesday it was reviewing plans for a plant in France after the French government's move to impose quotas on cars made by Nissan Motor Co. in Britain.

"We will have to conduct another feasibility study," Toshio Tajima, the chairman, was quoted by the Nihon Keizai newspaper as saying.

Subaru cars and is 6 percent owned by Nissan, intended to use up to 60 percent French components. But France has argued that the local content of Bluebirds made by Nissan in Britain was too low at 70 percent.

Meantime, the EC industry commissioner, Karl-Heinz Narjes, said in Tokyo that the European Community wanted better access to Japan's car market. (AFP, Reuters)



Source: U.S. Restaurants Inc. The New York Times

Currency Rates

Table of currency rates for various countries including Amsterdam, Frankfurt, London, New York, Paris, Tokyo, Zurich, Hong Kong, and others. Columns include currency type and rate.

Interest Rates

Table of interest rates for various currencies including Eurocurrency deposits, U.S. money market funds, and Asian dollar deposits. Columns include currency, term, and rate.

Gold

Table of gold prices for various locations including New York, London, and others. Columns include location and price.

Key Money Rates

Table of key money rates for various currencies including U.S. Treasury bills, U.S. Treasury notes, and U.S. Treasury bonds. Columns include instrument type and rate.

U.S. Money Market Funds

Table of U.S. money market funds including Merrill Lynch Ready Assets and Telerate Interest Rate Index. Columns include fund name and value.

Caisse Says It Shields Générale

By Jacques Neher

Special to the Herald Tribune PARIS — Caisse des Dépôts et Consignations, a government-controlled financial institution, said Tuesday that it was backing a group that recently took a major stake in Société Générale in order to protect France's third-largest bank against hostile raiders.

The explanation contrasted sharply with the view of Société Générale's management, which considers as hostile the 9.16 percent stake taken by Marceau Investissements and an affiliate with the backing of Caisse des Dépôts.

Robert Lion, chairman of the Caisse des Dépôts, also sought Tuesday to downplay speculation that, through the institution, the French government was seeking to restructure Société Générale's core shareholding for political purposes.

Instead, he said, the investment was intended to bolster a "fragile" shareholder group. He characterized the bank's core shareholding, made up of about 20 investors who own a combined 32 percent of the bank's shares, as "disparate and splintered."

Caisse des Dépôts, which has built a 4 percent direct stake in the bank since it was privatized in June 1987, last spring took a 32.3 percent share in Société Immobilière de Gestion et de Participation. That company, run by Georges Pébereau, president of Marceau Investissements, recently announced it had acquired 8.63 percent of the bank. Marceau has an additional 0.53 percent.

Mr. Lion predicted Caisse des Dépôts' new indirect investment in Société Générale, valued at about 1 billion francs (\$168 million), would prove profitable.

The major role of Caisse des Dépôts, which claims assets of 1.3 trillion francs, is to service France's public debt through bond issues and to act as a central bank for savings deposits collected throughout the country.

Its role in Mr. Pébereau's stake-building has led analysts to believe that the government was actively involved behind the scenes. Société Générale was privatized under the conservative government of Prime Minister Jacques Chirac. Since the Socialists returned to power in May, they have criticized the core shareholding, saying that they believe it is weighted by Mr. Chirac's allies.

Advertisement for Republic National Bank of New York (Suisse) SA. The ad features a large image of a person walking on a beach. Text includes: 'At Republic National Bank, private banking is a matter of getting there safely.', 'The greater your financial success, the more serious the implications of downside risk. Yet the rewards won't go away. Opportunities will always exist. In private banking, Republic National Bank remains committed to protecting customers' assets.', 'That means staying cautious, even when your financial objectives are within reach. Because when safety is ensured, so is your reward. Republic National Bank of New York. A matter of trust.', 'REPUBLIC NATIONAL BANK OF NEW YORK (SUISSE) SA', 'A SAFRA BANK', 'HEAD OFFICE: 2, PLACE DU LAC - 1204 GENEVA - TEL. (022) 28 18 10 - FOREX: (022) 29 05 02 - BRANCH: 1, VIA CANOVA - 6900 LUGANO - TEL. (091) 23 83 32', 'NEW YORK MIAMI LOS ANGELES BEVERLY HILLS CORPUS CHRISTI MONTREAL LONDON PARIS MONTE CARLO LUXEMBOURG MILAN GIBRALTAR GUERNSEY HONG KONG SINGAPORE TOKYO NASSAU CAYMAN ISLANDS BUENOS AIRES SANTIAGO MONTEVIDEO CARACAS MEXICO CITY PUNTA DEL ESTE RIO DE JANEIRO SAO PAULO'

YEARS AGO

938: Homes for Jews

## Tuesday's AMEX Closing

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press

12 Month High	Low	Stock	Div. Yld.	PE	52 High	Low	Open	Close
12.50	11.50	AA	1.50	15	12.50	11.50	12.00	12.00
12.50	11.50	AA	1.50	15	12.50	11.50	12.00	12.00
12.50	11.50	AA	1.50	15	12.50	11.50	12.00	12.00
12.50	11.50	AA	1.50	15	12.50	11.50	12.00	12.00
12.50	11.50	AA	1.50	15	12.50	11.50	12.00	12.00

12 Month High	Low	Stock	Div. Yld.	PE	52 High	Low	Open	Close
12.50	11.50	AA	1.50	15	12.50	11.50	12.00	12.00
12.50	11.50	AA	1.50	15	12.50	11.50	12.00	12.00
12.50	11.50	AA	1.50	15	12.50	11.50	12.00	12.00
12.50	11.50	AA	1.50	15	12.50	11.50	12.00	12.00
12.50	11.50	AA	1.50	15	12.50	11.50	12.00	12.00

12 Month High	Low	Stock	Div. Yld.	PE	52 High	Low	Open	Close
12.50	11.50	AA	1.50	15	12.50	11.50	12.00	12.00
12.50	11.50	AA	1.50	15	12.50	11.50	12.00	12.00
12.50	11.50	AA	1.50	15	12.50	11.50	12.00	12.00
12.50	11.50	AA	1.50	15	12.50	11.50	12.00	12.00
12.50	11.50	AA	1.50	15	12.50	11.50	12.00	12.00

12 Month High	Low	Stock	Div. Yld.	PE	52 High	Low	Open	Close
12.50	11.50	AA	1.50	15	12.50	11.50	12.00	12.00
12.50	11.50	AA	1.50	15	12.50	11.50	12.00	12.00
12.50	11.50	AA	1.50	15	12.50	11.50	12.00	12.00
12.50	11.50	AA	1.50	15	12.50	11.50	12.00	12.00
12.50	11.50	AA	1.50	15	12.50	11.50	12.00	12.00

12 Month High	Low	Stock	Div. Yld.	PE	52 High	Low	Open	Close
12.50	11.50	AA	1.50	15	12.50	11.50	12.00	12.00
12.50	11.50	AA	1.50	15	12.50	11.50	12.00	12.00
12.50	11.50	AA	1.50	15	12.50	11.50	12.00	12.00
12.50	11.50	AA	1.50	15	12.50	11.50	12.00	12.00
12.50	11.50	AA	1.50	15	12.50	11.50	12.00	12.00

12 Month High	Low	Stock	Div. Yld.	PE	52 High	Low	Open	Close
12.50	11.50	AA	1.50	15	12.50	11.50	12.00	12.00
12.50	11.50	AA	1.50	15	12.50	11.50	12.00	12.00
12.50	11.50	AA	1.50	15	12.50	11.50	12.00	12.00
12.50	11.50	AA	1.50	15	12.50	11.50	12.00	12.00
12.50	11.50	AA	1.50	15	12.50	11.50	12.00	12.00

## Floating-Rate Notes

Issuer/Mat.	Current Yield	Bid	Asked
Alcoa Finance Jov 97	8.25	99.00	100.00
Alcoa Finance Jov 98	8.25	99.00	100.00
Alcoa Finance Jov 99	8.25	99.00	100.00
Alcoa Finance Jov 00	8.25	99.00	100.00
Alcoa Finance Jov 01	8.25	99.00	100.00

## Deutsche Marks

Issuer/Mat.	Current Yield	Bid	Asked
Alcoa Finance Jov 97	8.25	99.00	100.00
Alcoa Finance Jov 98	8.25	99.00	100.00
Alcoa Finance Jov 99	8.25	99.00	100.00
Alcoa Finance Jov 00	8.25	99.00	100.00
Alcoa Finance Jov 01	8.25	99.00	100.00

## Pounds Sterling

Issuer/Mat.	Current Yield	Bid	Asked
Alcoa Finance Jov 97	8.25	99.00	100.00
Alcoa Finance Jov 98	8.25	99.00	100.00
Alcoa Finance Jov 99	8.25	99.00	100.00
Alcoa Finance Jov 00	8.25	99.00	100.00
Alcoa Finance Jov 01	8.25	99.00	100.00

## Japanese Yen

Issuer/Mat.	Current Yield	Bid	Asked
Alcoa Finance Jov 97	8.25	99.00	100.00
Alcoa Finance Jov 98	8.25	99.00	100.00
Alcoa Finance Jov 99	8.25	99.00	100.00
Alcoa Finance Jov 00	8.25	99.00	100.00
Alcoa Finance Jov 01	8.25	99.00	100.00

## ECU

Issuer/Mat.	Current Yield	Bid	Asked
Alcoa Finance Jov 97	8.25	99.00	100.00
Alcoa Finance Jov 98	8.25	99.00	100.00
Alcoa Finance Jov 99	8.25	99.00	100.00
Alcoa Finance Jov 00	8.25	99.00	100.00
Alcoa Finance Jov 01	8.25	99.00	100.00

## AMEX High-Lows

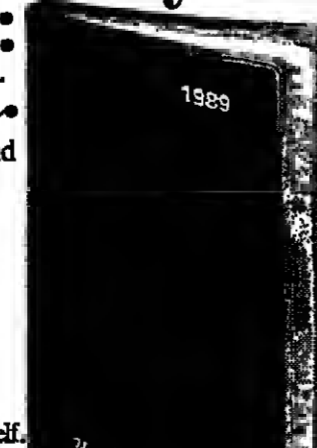
Symbol	High	Low	Open	Close
AA	12.50	11.50	12.00	12.00
AA	12.50	11.50	12.00	12.00
AA	12.50	11.50	12.00	12.00
AA	12.50	11.50	12.00	12.00
AA	12.50	11.50	12.00	12.00

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سكزامن الاصل

BUSINESS ROUNDUP

One Long Year for Japan's Big Four Earnings Slide at Brokerages in Span Covering Collapse

TOKYO — The Big Four Japanese brokerage houses reported on Tuesday sharply lower earnings for the fiscal year through September, reflecting losses sustained during and after the October 1987 stock market collapse.

NTT Profit Expected to Fall

TOKYO — Increasing competition likely will cause Nippon Telegraph & Telephone Corp. to suffer a 14 percent decline in pretax profit during the current financial year, company sources said Tuesday.

BURGER: Franchisees Steaming

(Continued from first finance page) fryer to what color surroundings fast-food diners like best.

MEX High-Lows

Table with columns for NEW HIGHS, NEW LOWS, and various market indicators.

Courts Refuse to Make Judge Pollax a Pretext for Fraud Case

TORONTO — A U.S. federal appeals court denied a request to remove the securities fraud case against Lambert Inc. and its head of its junk bond department.

Hebe Dorsey went into the original name of today's T-shirts of the turn of the century.

Advertisement for Northwest and American Express, featuring a map and promotional text.

HK-TVH Halts Stock Trading After Plunge

HONG KONG — Television Broadcast Ltd. suspended trading in its shares Tuesday after its stock fell 33 percent in the wake of an extraordinary general meeting at which investors agreed to restructure the concern.

Honda Profit Rises in Half, But Is Weaker in 2d Quarter

TOKYO — Honda Motor Co. said net profit in the half ending Sept. 30 rose to 48.54 billion yen (\$395.7 million), compared with 43.57 billion yen in the year-earlier period.

BA Profit Falls By 4% in Half

LONDON — British Airways PLC said Tuesday that its pretax profit fell 4.3 percent, to £222 million (\$402 million), in the first half, reflecting continuing problems since its acquisition of British Caledonian Group earlier this year.

Volkswagen Profit Increases By 7% in 9-Month Period

WOLFSBURG, West Germany — Volkswagen AG said group net profit in the first nine months of 1988 rose 6.6 percent, to 419 million Deutsche marks (\$239.3 million), from 393 million DM a year earlier.

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Notice of Annual General Meeting of Shareholders. Notice is hereby given that the Annual General Meeting of Shareholders of USIF Real Estate ("USIF") will be held at the NASSAU Beach Hotel (Gulfstream Room), West Bay Street on the Island of New Providence in the Commonwealth of The Bahamas, on Friday, the 2nd day of December, 1988 at 10:00 o'clock in the forenoon for the following purposes:

Advertisement for The Carlyle Hotel, located at Madison Avenue at 76th Street, New York 10021.

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Finland** F.M.	(90) 60 30 30*	1,760	1,334	970	540
France F.F.	05-436 436	1,500	1,230	830	455
Germany** D.M.	0130 25 31	580	403	320	176
Gr. Britain £	---	135	83	74	41
Greece** Dr.	691 02 42***	23,500	23,820	13,250	7,300
Ireland £Irl.	---	155	118	85	47
Italy Lire	---	360,000	295,200	200,000	110,000
Luxembourg L.Fr.	49 49 60	11,000	7,200	6,000	3,300
Netherlands** Fl.	06-022 08 15	600	492	340	185
Norway** N.Kr.	(02) 41 34 89*	2,000	1,276	1,100	600
Portugal** Esc.	(01) 80 71 23*	26,000	26,780	14,300	7,900
Spain** Ptas.	(91) 401 29 00*	31,000	21,780	17,000	9,400
Sweden** S.Kr.	(08) 21 01 90*	2,000	1,276	1,100	600
Switzerland S.Fr.	046 05 68 00	455	455	255	141
Rest of Europe, N. Africa, form. Fr. Afr., Middle East \$	---	470	Varies by country	260	145
Rest of Afr., Gulf St. Asia \$	---	620		340	190
Central/Latin America \$	---	540		295	160



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مكنا من الأصل

CURRENCY MARKETS

Dollar Declines in Light Trading

NEW YORK—The dollar ended lower on Tuesday in slow trading, as the market awaited the release on Wednesday of U.S. trade data for September, dealers said. The U.S. currency continued to regain some of its lost ground against the yen early in the day. But this advance, according to some dealers, was prompted by renewed, though limited, intervention by the Bank of Japan. Dealers were reluctant to take on any significant positions before the trade report is published. The market is anticipating a drop in the U.S. trade deficit, but that expectation did not put an end to downward pressure on the currency. Publication of U.S. retail sales figures for October gave the market an early rally, but this later ran out of steam. October retail sales rose 0.9 per-

London Dollar Rates table with columns for Currency, Bid, Ask, and Source.

cent, stronger than an expected 0.5 percent, while industrial production increased 0.4 percent, against a projected 0.5 percent. The U.S. currency ended at 1.7428 Deutsche marks, down from 1.7458 at the previous close, and at 123.250 yen, off slightly from 123.775. The British pound closed at \$1.8085, down from \$1.8090 on Monday. Against the French franc, it finished at 5.952, down from 5.961,

Japanese Trim Buying Of U.S. Debt

NEW YORK—Japanese institutional investors bought fewer U.S. government securities at the latest Treasury auction than they have at past auctions, due largely to currency instability. Bond dealers said Japanese investors such as life insurance companies bought more than 30 percent of the \$9.5 billion to 10-year notes sold last week, but their purchases of three-year notes slipped to 15 percent from an average of 20 percent in past auctions. More importantly, they said, Japanese bought securities for short-term speculative purposes, not for long-term investments. "Buy-and-hold type purchases have been leveling off," said Yui Nogami, a senior bond dealer at Daiwa Securities America Inc. While the breakdown between speculative purchases and long-term investment used to be 50-50, speculative buying may now account for 60 percent, he said. A senior dealer with another Japanese investment bank also said purchases for long-term investment no longer reflected new flows of money out of Japan, but were designed to replace maturing Treasury paper. The concerns of Japanese investors are primarily the weak dollar and the likelihood that U.S. authorities may have to push up interest rates to support the currency. Mr. Nogami noted that "most of the Japanese purchases were financed by borrowing dollars," meaning little money flowed from Japan to the United States. "Instability in the exchange market has raised a question about private money," said David Resler, a senior economist at Nomura Securities International Inc. According to official Japanese statistics, Japanese net purchases of foreign bonds, largely Treasury paper, sank in September to \$3.42 billion from \$8.39 billion in August, when the dollar rallied.

Pressure Remains Strong on Norwegian Krone

OSLO—A crisis of confidence in Norway's economy and rumors of a devaluation have put the krone under siege to foreign exchange markets and left the government in a quandary over interest rates. Norway's central bank has spent around one-tenth of its foreign exchange reserves buying kroner since Friday to an attempt to prop up the currency, dealers said. On Tuesday, one dealer said, the central bank bought between 500 million and one billion kroner (\$75.76 million and \$151.52 million), mostly in marks and dollars. One senior dealer at a Norwegian bank said that the central bank may have spent as much as 9 billion kroner in interventions since Friday. The central bank has not commented on the reported intervention. Dealers said selling pressure from abroad had eased slightly on Tuesday. The krone closed in Oslo at 114.21 against a trade-weighted basket of 14 currencies on Tuesday. The index started the day at 114.36, after finishing Monday at 114.11. The central bank has pledged to defend the crown within a five-

point band in the basket—with 114.50 the weakest point and 109.50 the strongest. In London, the Norwegian currency edged up against the British pound, which fell to 11.9418 kroner from 11.9453 on Monday. "Norwegian and foreign banks seem to have bought crowns because they could hardly get them any cheaper, and they do not believe in a devaluation," said Birger Langland, chief dealer at Den norske Creditbank to Oslo. Finance Minister Gunnar Berge said on state radio Tuesday that the minority Labor government would raise interest rates if necessary to help the currency. Higher interest rates would make the krone a more attractive investment to foreigners but would be unpopular at home. The Labor Party has pledged to try and cut Norway's relatively high interest rates to help the economy. The Norwegian government, which faces elections in September, has been criticized by Norwegian business leaders, who say that the high price of money has stifled vital investments. Over the weekend, Mr. Berge said market speculation that Norway was about to devalue the krone was "ridiculous." The rumor led foreign investors to dump kroner late last week.

Mr. Langland said, "The weakness of oil prices and the drop to the dollar, and concern about what this has done to Norway's economy, has led to a good deal of selling." As Western Europe's second-largest oil producer after Britain, Norway was hit hard by the 1986 collapse in world oil prices. The Labor government is still fighting an annual inflation rate of 6.4 percent, a sizable current account deficit and high prices. The fall in the dollar, now around 10-month lows against the yen, has cut oil income further because crude is priced in dollars. The krone has been attractive to foreign investors because relatively high domestic interest rates provided good returns. But this year the central bank has cut its key overnight rate three times to its present 12.4 percent. Dealers say this has tarnished the currency's allure. Norway devalued the krone by 12 percent in the spring of 1986, as the collapse in oil prices threatened a major recession. At that time, Prime Minister Gro Harlem Brundtland said there would be only one such devaluation.

OECD Sees Growth, Stresses U.S. Budget

By Carl Gewirtz. "indispensable element of government action" to further restrain inflation. Taking note of the secretary's projection of a reduction in the current-account imbalances of the United States and Japan—which sees the U.S. deficit falling to \$111 billion by 1990 from \$133 billion this year, and the Japanese surplus falling to \$71 billion from \$78 billion—the committee said that it would be concerned if the pace of the reduction slowed. Beryl W. Sprinkel, chairman of the U.S. President's Council of Economic Advisors and head of the OECD Economic Policy Committee, said the rate of inflation next year in the United States and Europe was expected to be faster than previously forecast, Reuters reported. He said that the OECD expected inflation in its European member countries to reach 4.5 percent in 1989, above the 3.75 percent forecast to June, while in the United States it was likely to reach 4.5 percent, rather than 4 percent. But forecasts for 1988 remained at 4.75 percent for Europe and 3.25 percent in the United States.

Mr. Sprinkel also said that he anticipated "significant improvement in all measures of the U.S. trade accounts extending into 1989 and subsequent years." He did not reveal any numbers, however. Regarding the West German trade surplus, which the OECD sees rising \$1 billion a year from \$46 billion this year to \$48 billion by 1990, the committee said: "The widening of imbalances within Europe should be seen against the backdrop of progressive European integration, surging investment activity and the pattern of intra-European trade in capital goods as well as long-term capital flows." Mr. Sprinkel said that West Germany had had "significant growth of domestic demand" and attributed the recent renewed increase in its trade surplus to the expansion to other European countries that is attracting West German-made capital goods. "The committee is not concerned that this is an extremely serious situation," he said, since once the equipment was in use the importing countries would be in a better position to increase their exports.

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U.S. Mortgage-Backed Securities Find a Home in Japan

TOKYO—Japanese investors are beefing up their holdings of U.S. mortgage-backed securities, mainly using money they no longer care to invest in the volatile U.S. corporate bond market, according to credit market analysts. The switch could reflect the increased confidence of Japanese investors in mortgage-backed products, which offer higher yields than those of Treasury notes and bonds with similar maturity dates but carry comparable credit ratings. Japanese investors have long been wary of mortgage-backed securities, which entail unpredictable cash flows. "The Japanese are showing increasing interest in MBS products," said Graham Douglas, vice president in charge of mortgage-backed securities at Merrill Lynch Japan Inc. Indeed, some market analysts said they expected the amount of Japanese funds flowing into mortgage-backed products to expand 20 percent to 40 percent in the coming

half year. And most analysts do not expect the trend to be reversed when corporate bonds lose their present luster. "This is a more permanent move toward expanded holdings," Mr. Doney said. Mortgage-backed securities are pools of residential mortgages assembled by agencies such as the Government National Mortgage Association, known as Ginnie Mae, a unit of the U.S. government, or the Federal National Mortgage Association, called Fannie Mae, a federally sponsored corporation. Dealers said that in the case of Fannie Mae and similar agencies, investors treat the securities as if they are backed by the U.S. government. A drawback to mortgage-backed securities is that if interest rates fall, homeowners are likely to pay off their mortgage loans ahead of schedule. This causes a quicker return of principal to lenders, in this case the holders of the mortgage-backed instruments. Although the investors do not

lose money as a result of prepayments, they find themselves with fewer funds invested at a time when interest rates are falling and high yields are therefore harder to find. That is particularly unsettling for investors outside the United States, said William Fragakis, vice president in charge of mortgage-backed securities at Salomon Brothers Asia Ltd. "Uncertain cash flows are difficult to hedge in the foreign exchange markets," he said. U.S. investment banks limit much of the prepayment risk by packaging mortgage-backed securities as collateralized mortgage obligations. These instruments limit the prepayment risk by assigning principal repayments to various tranches. Holders of the shortest term tranche of a CMO receive principal payments before investors in longer-term maturities. Japanese investors traditionally have been wary of these securities, but recent stability in interest rates, which reduces the likelihood of

very large-scale prepayments, has sparked new interest. According to a bond sales manager at a U.S. investment house in Tokyo, Japanese investors are confident that interest rates in the United States are unlikely to fall from current levels. "This looks like a safe time to take that chance," he said. With this green light, Japanese investors have become willing to shift funds once destined for corporate bonds. "Recent events in the corporate bond market have stimulated Japanese interest in mortgage-backed securities," Mr. Fragakis said. A slew of recent highly leveraged takeover attempts in the United States have made the entire corporate bond market less attractive. Few Japanese are expected to take losses and sell their corporate bond holdings, but many analysts predicted little new corporate bond buying from the Japanese. Some dealers said they hoped the recent demand would permanently expand the market.

Tuesday's OTC Prices

NASDAQ prices as of 4 p.m. New York time. This list compiled by the AP, consists of the 1,000 most traded securities in terms of dollar volume. It is updated twice a year. Via The Associated Press.

Table of OTC prices for various stocks, including columns for stock name, bid, ask, and volume.

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BOOKS

ALCOHOL AND THE WRITER

By Donald W. Goodwin, M.D. 210 pages. \$16.95. Andrews, McNeil and Parker, 4900 Main St., Kansas City, Mo. 64112.

Reviewed by Christopher Lehmann-Haupt
It is something that everyone has observed but few books have been written about, excepting Upton Sinclair's 'Cup of Fury' and Donald Newlove's 'Those Drinking Days.' Writers tend to drink. American writers in particular, Sinclair Lewis once asked, 'Can you name five American writers since Poe who did not die of alcoholism?'

Donald W. Goodwin has long been aware of the phenomenon. As he explains in 'Alcohol and the Writer,' one of his earliest discoveries 'was that writers drank a lot—maybe more than anyone else.' Among the seven American Nobel laureates in literature, four of them—Sinclair Lewis, Eugene O'Neill, William Faulkner and Ernest Hemingway—were 'clearly alcoholic.'

Coming across these statistics at the outset of 'Alcohol and the Writer,' a reader might object that five out of seven is a pretty narrow sample. Halfway through the book, he might add that telling the stories of those who drank a lot is a systematic way to study alcoholism in the profession. But halfway through the book, a reader doesn't care anymore. He is too intrigued by what the author is up to.

Goodwin started out his postgraduate career as a literature student of Lionel Trilling's at Columbia University. He later went on to get a medical degree and to become a psychiatrist. There is more of the literature student in the essays that make up this book than there is of the doctor. Their subjects have been much written about: Poe, Fitzgerald, Hemingway, Steinbeck, Faulkner, O'Neill, Georges Simenon and Malcolm Lowry.

But Goodwin views them as odd, peculiar angles that somehow bring them to life. He suggests that Poe was a Nobel Prize was to be done. Finally, they had a fish fry and invited Faulkner as the honored guest. He accepted.

He sums up Malcolm Lowry's life from the nearly 50 photos that appeared in Douglas Day's biography. At times, you forget that Goodwin is writing about the writer and alcoholism. But not for long. After all, Poe's hallucinations states may best be explained by his possible consumption of alcohol.

All of Goodwin's subjects seem to disprove the myth of intolerance for alcohol. Alcoholics aren't really people who are inordinately sensitive to liquor. They are simply highly skilled at drinking far more than people are aware of when they do it.

Still, what does it all prove? So Fitzgerald may have been a manic-depressive as well as a writer and an alcoholic. So it 'requires no stress of Freudian speculation to diagnose Hemingway as a possible lifelong, world-class counterphobe,' driven to do precisely what he was afraid of. So Faulkner suffered from a fragmented personality.

How do we get from suppositions like these to an answer to the question, why do writers drink? In his final chapter, 'Notes on an Epidemic,' Goodwin tries to pull all his loose threads together. Perhaps American writers in the first half of the 20th century have drunk excessively because 'the hours are good'—that is to say, because, more than postmen, for example, they could get away with it. Or possibly they have drunk because 'it is expected' of them—that is, to fulfill the romantic image of the artist. Or maybe they have drunk because some times an intoxicated state inspires their creativity.

Goodwin does have a theory. The key for him lies at some nexus in the human makeup where writing, schizophrenia and alcoholism meet. To put it oversimplistically, he proposes that writers are loners, especially writers in the United States, where individualism is highly prized. 'Creative writing requires a rich fantasy life; loners have rich fantasy lives—the ultimate loner is the schizophrenic who lives in a prison of fantasy. Alcohol promotes fantasy.'

This is not a systematic theory, nor does it lend itself to verification. But in Goodwin's able hands, it shows us a good deal about American writers, and something about American drinkers, too.

Christopher Lehmann-Haupt is on the staff of The New York Times.

BEST SELLERS

Table with columns: Rank, Title, Author, Weeks on list, Last week's rank. Includes 'The Queen of the Damned' by Anne Rice, 'The Cardinal of the Kremlin' by Tom Clancy, 'Anything for Billy' by Larry McMurtry.

Table with columns: Rank, Title, Author, Weeks on list, Last week's rank. Includes 'A Brief History of Time' by Stephen W. Hawking, 'The Last Lion' by William Manchester, 'A Bright Shining Lie' by Neil R. McMillen.

World Stock Markets

Via Agence France Presse. Closing prices in local currencies, Nov. 15

Table of stock market data for Amsterdam, London, Hong Kong, and Tokyo. Columns include market name, closing price, and percentage change.

Table of stock market data for Sao Paulo, Mexico, and Manila. Columns include market name, closing price, and percentage change.

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Crossword puzzle grid with clues for Across and Down. Clues include '1 Champagne word', '5 Iron or gold', '10 Craze', '13 Air. Prefix', '14 Dwelling', '15 Nev. city', '16 Start of a quotation', '19 Supplement, with "out"', '20 Causes wrath', '21 Cake topping', '22 Mountain valley', '23 Loath', '24 Berlin favorite', '27 Plant used in cosmetics', '29 Pullman track', '29 Entire', '31 Moonstruck', '34 With 42 Across, end of quotation', '38 Busy street', '39 Greek poet who rode on a dolphin', '40 Hestia, in "Hamburg"', '41 British gun', '42 See 34 Across', '44 Depressed', '47 God of thunder', '48 Japanese seaport', '49 Ireland's islands', '50 Little devil', '63 Author of quotation', '67 Lerner of "Ecstasy"', '69 Sully', '69 Rend', '80 Sounds of hesitation', '61 Queen—lace', '62 Car part', 'DOWN', '1 Paul Bunyan's ox', '2 Smell strongly', '3 Encourage', '4 Also', '5 Mothers, in Machid', '6 Barnaby Jones portrayer', '7 Puffs', '8 Summer cooler', '9 C.S.A. V.I.P.', '10 Panache', '11 Claude of TV', '12 Eulde', '18 Show host', '17 Szeve and gibb', '18 Copenhagen's gardens', '22 Maze', '23 There oughta be a...!', '24 Sweet stoned', '25 Country road', '26 Broad', '27 Like—of bricks', '29 One of Cybill Shepherd's offspring', '30 Cry of agitated surprise', '31 Year in Macbeth's reign', '32 Qualified', '33 Hart', '36 Scolding', '38 Weight allowance', '37 Villainous look', '41 Ken or Chuck', '42 Intones', '43 Extended', '44 German, to a W.W.I. pole', '45 An anesthetic', '46 Electric fishes', '47 Group of three', '49 Related', '50 Holly', '51 Rapast', '52 That stuck if crackle', '53 Euclidean', '54 Greek vowel', '55 Pedro or Francisco', '56 Depol. Abbr.', 'SPIN PAYER OAST', 'HINT ALIVE UTAH', 'ON THEROPES TOFU', 'WOE ROGER OZIED', 'STRAND STIFF', 'TEY CABLES', 'COULS TAKE OUST', 'ANNO LACES UNER', 'NERO OXEN UNSER', 'THESUP ETD', 'ENSUE LASSOS', 'AGREE SMEAR QUI', 'MIEN NAMSTRINGS', 'AVID AGATE RAMS', 'HEMS YESSES ARTY'

Weather forecast for Europe, Asia, North America, Africa, Latin America, and Oceania. Includes high/low temperatures and weather conditions.

Cartoon titled 'Dennis the Menace'. Dennis is sitting at a desk, looking thoughtful. A speech bubble says: 'IT DOESN'T SEEM FAIR. MY MOM SAYS SHE CAN'T DO ANYTHING WITH HER HAIR AND YOU HAVEN'T GOT ANY HAIR TO DO ANYTHING WITH!'

Cartoon titled 'Jumble'. A man is sitting at a desk, looking thoughtful. A speech bubble says: 'HOW THE MANICURIST REJECTED HIS PROPOSAL OF MARRIAGE.' Below the cartoon is a word search puzzle.

Cartoon titled 'Andy Capp'. Andy is sitting at a desk, looking thoughtful. A speech bubble says: 'FLO HAD TO WORK THROUGH HER LUNCH HOUR 'CAUSE SHE ASKED ME TO MAKE YOU SOME SANDWICHES.' Below the cartoon is a word search puzzle.

Cartoon titled 'Peanuts'. Snoopy is sitting on his doghouse, looking thoughtful. A speech bubble says: 'SO THE REST OF THE FAMILY GOES INTO THE MALL, AND I'M LEFT ALONE IN THE CAR...'. Woodstock is sitting on the doghouse, looking thoughtful. A speech bubble says: 'I'M GLAD THEY LEFT THE SUN ROOF OPEN...'. Charlie Brown is sitting on the doghouse, looking thoughtful. A speech bubble says: 'OR AM I?'

Cartoon titled 'Blondie'. Blondie is sitting at a desk, looking thoughtful. A speech bubble says: 'I JUST HAD A TALK WITH MY ACCOUNTANT AND THERE'S ONLY ONE WAY TO BALANCE MY BOOKS TO BALANCE...'. Dag is sitting at a desk, looking thoughtful. A speech bubble says: 'WHAT'S THAT BOSS?'. Blondie is sitting at a desk, looking thoughtful. A speech bubble says: 'IF I INCREASE MY SALARY ON MY WAY HOME TONIGHT...'. Dag is sitting at a desk, looking thoughtful. A speech bubble says: 'HOW MUCH DO YOU CHARGE TO PUT A DUMPIE IN A CHIN?'. Blondie is sitting at a desk, looking thoughtful. A speech bubble says: 'FOR YOU... NOTHING...'. Dag is sitting at a desk, looking thoughtful. A speech bubble says: 'I'LL THROW IT IN WHEN I PUT ON THE CHIN...'

Cartoon titled 'Wizard of ID'. A man is sitting at a desk, looking thoughtful. A speech bubble says: 'GUNS WITH A DUMPIE IN THEIR CHIN REALLY TURN ME ON!'. A woman is sitting at a desk, looking thoughtful. A speech bubble says: 'HOW MUCH DO YOU CHARGE TO PUT A DUMPIE IN A CHIN?'. A man is sitting at a desk, looking thoughtful. A speech bubble says: 'FOR YOU... NOTHING...'. A woman is sitting at a desk, looking thoughtful. A speech bubble says: 'I'LL THROW IT IN WHEN I PUT ON THE CHIN...'

Cartoon titled 'Rex Morgan'. Rex is sitting at a desk, looking thoughtful. A speech bubble says: 'I'LL THROW IT IN WHEN I PUT ON THE CHIN...'. A woman is sitting at a desk, looking thoughtful. A speech bubble says: 'HOW MUCH DO YOU CHARGE TO PUT A DUMPIE IN A CHIN?'. A man is sitting at a desk, looking thoughtful. A speech bubble says: 'FOR YOU... NOTHING...'. A woman is sitting at a desk, looking thoughtful. A speech bubble says: 'I'LL THROW IT IN WHEN I PUT ON THE CHIN...'

Cartoon titled 'Doonesbury'. Doonesbury is sitting at a desk, looking thoughtful. A speech bubble says: 'I'LL THROW IT IN WHEN I PUT ON THE CHIN...'. A woman is sitting at a desk, looking thoughtful. A speech bubble says: 'HOW MUCH DO YOU CHARGE TO PUT A DUMPIE IN A CHIN?'. A man is sitting at a desk, looking thoughtful. A speech bubble says: 'FOR YOU... NOTHING...'. A woman is sitting at a desk, looking thoughtful. A speech bubble says: 'I'LL THROW IT IN WHEN I PUT ON THE CHIN...'

Cartoon titled 'Garfield'. Garfield is sitting at a desk, looking thoughtful. A speech bubble says: 'IT AIN'T ME...'. A woman is sitting at a desk, looking thoughtful. A speech bubble says: 'HOW MUCH DO YOU CHARGE TO PUT A DUMPIE IN A CHIN?'. A man is sitting at a desk, looking thoughtful. A speech bubble says: 'FOR YOU... NOTHING...'. A woman is sitting at a desk, looking thoughtful. A speech bubble says: 'I'LL THROW IT IN WHEN I PUT ON THE CHIN...'

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SPORTS

College Basketball 1989: Toward the Tip-Off

By William C. Rhoden

New York Times Service

NEW YORK—After a rigorous summer of recruiting, scouting and coaching changes, a new college basketball season begins this week with 293 NCAA Division I programs competing for 32 conference championships.

The traditional opening of the season, at least in recent years, has been the Tip-Off Classic, which will take place Saturday in Springfield, Massachusetts, when Duke, a Final Four team last season, plays Kentucky.

While the stakes vary from team to team, the goal in the back of nearly every coach's mind is to receive one of 64 invitations to the National Collegiate Athletic Association tournament next March.

A few teams have loftier ambitions. Duke, Georgetown, Oklahoma and Michigan might be tempted to consider their season a waste if they do not at least reach the final Sweet 16.

"Last season left an unfinished taste in our mouths," said Coach Billy Tubbs, whose high-powered Oklahoma Sooners were upset by Kansas in the national championship game last year. "We had a great year last year, but it's nothing we can sit back and pat ourselves on the back for. We are unfinished business."

A majority of coaches have bumbled aspirations. For most of them, duplicating the success of Rhode Island or recreating the excitement of Loyola Marymount would be enough to make the 1988-89 season worthwhile.

Rhode Island, under Coach Tom Penders, reached the Final 16 with an upset victory over Syracuse. Loyola Marymount finished with a 28-4 mark, led the nation in scoring by averaging 110.3 points a game, and reached the final round of the regional semifinals.

While Penders left Rhode Island for a more lucrative position — \$1.5 million over five years — in Texas, Paul Westhead, the Loyola Marymount coach, stuck around and promises more excitement this season.

"My approach will not change," Westhead said. "If anything we're going to try to run faster and score more."

But for all of the anticipation surrounding a new season, there are disturbing reminders of the misguiding ambition that continues to corrupt intercollegiate basketball, and by extension, intercollegiate athletics.

At Kansas, coach from nowhere to win the national championship last April, fans hailed the victory as a triumph of coaching, camaraderie and teamwork. Shrewd observers pointed out that the victory — indeed, the entire tournament — underscored the fact that a great player can lead

an ordinary team to the national championship.

In Kansas's case it was Danny Manning, who became the No. 1 pick in the National Basketball Association draft and played his first game for the Los Angeles Clippers on Saturday.

Getting such a player is the great pursuit in college basketball, and the 1988-89 season begins with a poignant reminder of the inherent hazards of such a pursuit. Last month, in a move that was nearly as stunning as Kansas's victory over Oklahoma, the NCAA placed Kansas on a three-year probation.

The NCAA's charges stem from wrongdoing in connection with illegal inducements to Vincent Askew, a Memphis State guard who was contemplating transferring to Kansas.

Under the sanctions, Kansas may not participate in the NCAA tournament this year, thus marking the first time in NCAA history that a champion will not be allowed to defend its crown.

"This is not what I had pictured in my dreams of becoming a head coach," said Roy Williams, the Jayhawks' first-year coach.

Williams, who was Dean Smith's first assistant for 10 years at North Carolina, replaces Larry Brown, who accepted the head coaching job with the San Antonio Spurs.

Keith Harris, who would have been Williams' best returning player, left the team when Brown resigned. Of five incoming signees, only two will be eligible to play this season; two are Proposition 48 casualties, and one decided not to come.

Proposition 48 is the academic equivalent of the military draft. Players who do not meet certain academic requirements must sit out a year.

The intensified pursuit of talent forms the basis of a tension between philosophy — how business should be conducted — and reality — what it takes to get the job done.

That tension is represented in the matchup in the Tip-Off Classic on Saturday. While Duke has been used as a model of how success can be achieved through selective recruiting, Kentucky has been cast in recent years as something of a pariah and is currently under investigation by the NCAA.

"I don't look at us like Robin Hood, or anything," said Coach Mike Krzyzewski, who has built a reputation for selective recruitment and walking the straight and narrow. After two losing seasons, Krzyzewski has led Duke to two appearances in the Final Four.

The issue between NCAA and Kentucky concerns the manner in which the Wildcats have conducted business.

Last summer an envelope addressed from a Kentucky assistant

The Top 20 Picks for the NCAA Season

New York Times Service

1) Duke. Anchored by the all-America forward Danny Ferry, Duke has the staying power to end up on top when it counts. The key will be finding a defensive specialist to replace Billy King.

2) Georgetown. Alonzo Mourning, the Hoyas' 6-10 prize recruit, makes Georgetown an instant contender for the Big East championship, and more. The backcourt is set with a rotation of Charles Smith, Jaren Jackson, Mark Tillmon and Dwayne Bryant.

3) Oklahoma. If the Sooners had a flaw last season — and at 35-4 they didn't have many — it may have been an under-utilized bench. With Mookie Blaylock returning at guard and Stacey King at center, the Sooners can make a run at another Final Four appearance.

4) Michigan. It has become an annual ritual to discuss Michigan's talent in November and its disappointing elimination in March. With Rumeal Robinson and Sean Higgins in the backcourt, Terry Mills, Glenn Rice and Loy Vaughn on the front line, the Wolverines are too talented — again — not to rank highly in the early going.

5) Syracuse. The Orangemen's biggest problem will be chemistry. Freshman Billy Owens joins a solid crew led by Sherman Douglas, the all-conference point guard, and Derrick Coleman at forward.

6) University of Nevada-Las Vegas. The Rebels are deep but inexperienced. Stacey Augmon, the sophomore forward, is the rock of this team and there are a host of talented newcomers.

7) Louisville. After two seasons of meandering, it's about time for the Cardinals to focus on a national title. Four starters return from a 24-11 team that finished first in the Metro Conference. Paris Ellison, the 6-foot-9 (2.06-meter) forward, is the heart of the team.

8) Arizona. The Wildcats won't get out of the blocks as quickly as they did last season, but they might actually be as tough a team in March. Sean Elliot is the Pacific-10's most complete player.

9) West Virginia. Coach Gale Catlett had his string of seven straight 20-victory seasons snapped last year, but the Mountaineers should rebound with a vengeance with four starters returning.

10) Florida State. Coach Pat Kennedy has four starters back and will push Louisville for the Metro championship.

11) Villanova. The Wildcats turned what was supposed to have been a rebuilding season into a miraculous journey that ended just one game short of the Final Four. Rolie Massimo has four starters returning from that squad, including the conference's best backcourt: Doug West and Kenny Wilson.

12) Missouri. Derrick Chievous is gone but the Tigers return all other starters — plus considerable firepower — from last season's 19-11 team.

13) Arkansas. After three years of an uphill climb, Nolan Richardson might be close to the mountaintop by the end of the season.

14) Oklahoma State. Leonard Hamilton, the third-year coach, has quietly built a dynamo. This should be the season it kicks in. Watch his sophomore forward, Richard Dumas.

15) North Carolina. Depending on how quickly and how well J.R. Reid's foot heals, North Carolina could be the force in the ACC. If Reid's foot does not heal quickly, the Tar Heels could find themselves muddled in the middle.

16) Georgia Tech. If Bobby Cremins can find a point guard to complement Brian Oliver in the backcourt and get the ball to the forwards, Dennis Scott and Tom Hammonds, Georgia Tech might have something going.

17) Iowa. The Hawkeyes have a strong returning nucleus in B.J. Armstrong, a guard, Ed Horton and Roy Marble, a forward.

18) Georgia. The Bulldogs could be a surprise of the season, depending on the adjustment of freshman guard Litteral Green.

19) Connecticut. Jim Calhoun has five starters back from a team that finished 20-14 and won the National Invitation Tournament. The best of the five is the center, Cliff Robinson.

20) Illinois. The Illini, like Michigan, are perennially laden with talent. This season's team, despite not having a player over 6-8, is no exception. Look for a ferocious inside attack. Marcus Liberty, the 6-8 swingman returning from Proposition 48 banishment, could give this team an incredible lift.

Selected by William C. Rhoden.

Financial and stock market data including Dow Jones, S&P 500, and various industry indices.

Bills 31, Dolphins 6

Robb Riddick of Buffalo getting some yardage before being brought down by Paul Lankford in a National Football League game Monday night in Miami. Riddick and Ronnie Harmon scored two touchdowns each and the Bills intercepted Dan Marino three times for a sixth consecutive victory.

Canadian Inquiry on Drugs Begins

TORONTO — Canada began a formal examination Tuesday of how its dream of Olympic gold for the sprinter Ben Johnson dissolved into a nightmare of steroid scandal.

Ontario Associate Chief Justice Charles Dubin, appointed by the federal government to investigate drug abuse in Canadian athletics, has declined comment on the scope of his hearings that began in Toronto. Expectations are high that the proceedings will go much further than the issue of whether Johnson used anabolic steroids, as drug tests showed after his Olympic victory.

Johnson maintains that he never knowingly used drugs to enhance his performance, capped by the world record 9.79-second, 100-meter race at Seoul on Sept. 24.

Canada's euphoria at Johnson's victory over Carl Lewis of the United States quickly turned to sadness and disgrace as he was stripped of the medal.

"I would never embarrass my family, my friends, my country and the kids who love me," Johnson said after his return from Seoul.

Some remained loyal, and T-shirts appeared with the slogan, "Ben Didn't Do It." They have slipped out of store display windows as the weeks since the Olympics passed.

The hearings start at a time when Canadians are embroiled in a passionate debate on their national identity as part of the campaign for next Monday's national election. At stake is the free-trade agreement with the United States scheduled to take effect Jan. 1.

Opponents of the pact argue that Canada faces a tremendous threat to its national identity and could be

overwhelmed by the more populous and wealthier United States.

Susan Burr, a sports psychologist at the University of British Columbia, said Canadians "have a tendency" to place the national ego on the line over an athletic event.

"Hopefully, we can all educate ourselves to become more realistic and mature about sports," she said.

Burr Konzak, an expert in sports psychology at the University of Toronto, said the hearings should examine the competitive pressures put on Johnson and the push for Canada to win a gold medal in a high-profile event.

"Why were we so lax in testing our own athletes?" he asked. "It was because we wanted a winner."

Among the most eagerly awaited witnesses are Johnson's coach, Charlie Francis; and Dr. Jamie Aspinall, the physician who treated the athlete.

SCOREBOARD

FOOTBALL

College Top-20 Rankings

Table with columns: Rank, Team, Record, and Points. Lists top 20 college football teams.

U.S. College Leaders

Table with columns: Team, Points, Rushing Yards, Passing Yards, and Scoring. Lists leading college football teams in various categories.

BASKETBALL

NBA Standings

Table with columns: Conference, Division, Team, W, L, Pct. Lists NBA team standings.

NFL Standings

Table with columns: Conference, Team, W, L, T, Pct. Lists NFL team standings.

HOCKEY

NHL Standings

Table with columns: Conference, Division, Team, W, L, T, Pct. Lists NHL team standings.

WALEY CONFERENCE

Table with columns: Team, W, L, T, Pct. Lists Waley Conference standings.

MONDAY'S RESULT

Table with columns: Game, Score, Location. Lists results of Monday's sports events.

Prince of Players, Will Platini Be King?

International Herald Tribune

LONDON — Shall the prince be king? This weekend Michel Platini, once the most regal of players, assumes full power over French soccer. His inauguration is daunting.

France needs victory, or survival at least, in Yugoslavia. One match at short notice is no test of a man, but Platini is hired as a messiah. France turned to him in desperation, gambling on his untested ability to transmit the inspiration he had at his feet. He will have to prove something to Pele and Bobby Charlton and John Charles. Eusebio, Alfredo Di Stefano and Ferenc Puskas could not.

None has translated mastery of the playing fields into team management. In some ways the greater the performer, the less they are able to pass on.

This is not unique to sport. Yehudi Menuhin, musician par excellence and dedicated teacher, cannot make geniuses of his prodigies. He takes them early and stays influential for years; yet the greatness of soul, the instinct that makes Menuhin rich and famous, are not gifts one can impart to others.

By comparison, miracles are expected of Platini. He is 33. He has half the worldly wisdom of Menuhin, he will be granted a fraction of the time, and his players are inadequate.

French soccer is a shadow of what it was when the great one — with marvelous moustaches Alain Giresse and Jean Tigana — ruled the roost. Their heirs did not qualify to defend the European Championship last summer and the attempt to reach the next World Cup looks frail.

When les Bleus dropped a point in Cyprus last month, Jean Fourquet-Fayard, president of the French Football Federation, decided: "It was time to do something exceptional, and I thought only the

presence of Platini could do that."

Platini leaves the League behind to travel once more on the team bus. Pity he cannot pick himself as a match winner. Platini, the player,

scored 41 times in 72 internationals from midfield. He netted two beguiling free-kicks to beat Yugoslavia in Paris three years ago. The remnants of that Yugoslav side, and younger recruits who may worship Platini, are duty bound to suppress any French uprising in Belgrade.

Platini knows that the moment a performing god hands in his boots his era is up. If his presence spurs on the bench, might it not do the same to opponents?

Yugoslavs are temperamental masters of technique and tactics. They have some prize legionnaires in France, such as the crafty Saif Susic.

As the French know, Susic can turn a four-metre throw that might explain Fournet-Fayard's chagrin over Susic's being chosen for the Yugoslav team a month after taking French citizenship.

The duplicity is more French than anything. Six years after Susic, 33, transferred to Paris-St. Germain, he obtained "naturalization of convenience" so the club can employ three rather than two foreigners.

Besides, the French are mighty glad to count their colonial brothers as nationals whenever the team needs them. Two men vital to Saturday's cause will be Basile Boli, born in the Ivory Coast, and Jean Tigana, a Malian.

Before accepting the job, Platini called Tigana in Bordeaux and, for old times' sake, Tigana, also 33, agreed to come out of "retirement" to lead the French.

Tigana is a fighter, one whose athleticism and spirit complemented Platini's flair. Bolt, 22, scarcely lacks confidence but will benefit under a captain who has seen it all and done most of it.

The one time Boli, a counter-attacking sweeper, had doubts was as a teen-ager breaking into the Auxerre team. He was bombarded by requests from Abidjan to return for the African Cup. Boli was persuaded that, because his father had dual nationality, he should wait for France. Touché, M. President!

Assuming Platini builds his defense around the young African we could have a duel of dual nationalities: Boli vs. Susic.

But eyes will be on Platini. Following the trend of Franz Beckenbauer in West Germany and Johan Cruyff in club management at Ajax Amsterdam and now Barcelona, the French have gone for "presence." They have turned away from

Sutton then it was another student who supplied the answers.

Krzyzewski, for his part, said his primary interest in Kentucky's woes was the effect they might have on the game Saturday.

"What I worry about in preparing for Kentucky is that they're well coached, they have a lot of talent and they've won a lot," he said.

Kirk Found Guilty in Tax Case

The Associated Press

MEMPHIS, Tennessee — Dana Kirk, former Memphis State basketball coach, was found guilty Tuesday of income tax evasion and obstruction of justice by a federal court jury.

Kirk faces up to 24 years in prison and fines of \$275,000 for co-conspirators on one count of income tax evasion, one count of obstruction of justice and three counts of filing false tax statements.

Kirk, 53, was charged with understating his income by a total of \$162,000 in 1982 and 1983 and with trying to intimidate grand jury witnesses.

Kirk came to Memphis State in 1979 and was fired in September 1986, shortly before he was indicted by a federal grand jury.

Platini, looking for ome blood, may find Perez irresistible. But Platini's main selection is another new appointee: perhaps France's real manager/coach, Gérard Houllier.

Three seasons ago Houllier guided Paris-St. Germain to the Division I title. His piece of resistance was to coax the best out of Dominique Rochezeau, a gifted but mercurial center-forward.

Part psychologist, Houllier was, however, sacked, then reinstated when the championship season was not followed by another. The relationship will be Platini, figurehead and selector, served by Houllier, coach and tactician.

But Houllier must help his boss rediscover the love of soccer that deserted Platini when he quit Juventus of Turin a wealthy and bored young man. For although he may never carry the ball again, Platini cannot succeed unless he finds anew the joy in soccer that goes back beyond France to Italy, where Platini's grandfather, a miner, lived and breathed the game.

Rob Hughes is on the staff of the Sunday Times.

Advertisement for Blancpain watches, featuring the text 'Blancpain' and 'Suarez' with an image of a watch.

USC and Illinois To Go to Moscow

The Associated Press

WASHINGTON — The University of Southern California and Illinois were named Tuesday to play in the Glamour Bowl football game next Sept. 2 in Moscow.

The 1989 season opener for both clubs will be the first American-style football game played in the Soviet Union.

The game, duplicating the Rose Bowl practice of matching teams from the Pacific-10 and Big Ten conferences, will be played at the Dynamo soccer stadium, which seats about 50,000.

TRANSITION

BASEBALL American League CALIFORNIA—Nomad Dave Rader man...

OBSERVER

The Moveable Holdup

By Russell Baker
NEW YORK — In the first place, Hemingway told the story wrong, probably to make himself look good. That was a vice of his. He would wait until you died, then tell the story wrong to make himself look good while making you look like a fool.

Maurice Chevalier: A Doff of the Hat

By Thomas Quinn Curtiss
PARIS — Maurice Chevalier in a poster flashing his friendly grin, attired in a natty dinner jacket and brandishing his yellow straw hat, survives as an irresistible invitation to the nightgown joys of Paris.



Maurice Chevalier, the severe self critic, perfecting his gestures before a mirror.

above the titles of a set of deft, light musicals in which the rhythms of the latest jazz, the jazz hat, were interwoven. American producers of both stage and screen flocked to Paris in the early 1920s searching for fresh talents and ideas.

PEOPLE

A Picasso Work Fetches A Record \$24.8 Million

Picasso's "Motherhood," a 1901 blue-period mother and child with outstretched arms, was sold to an unidentified buyer at Christie's in New York for \$24.8 million — a record for 20th-century art and the fourth-highest price ever paid for a work of art.

The U.S. Supreme Court has turned down without comment an appeal by an employee of NBC Television who said he had the original idea for "The Cosby Show."

The Washington Opera held its curtain for 30 minutes while Pavarotti Domingo, in full "Tosca" costume and makeup, was treated for a cold. After being treated at a doctor's office, Domingo rushed back to perform, then was the celebrity guest at a Washington Opera patrons dinner.

Luc Besson and Jean Rochou on Tuesday shared the \$50,000 Florence Gould grand prize for their contributions to the art of cinema. Rochou, 71, the president of the French Cinematheque, is the author of more than 120 documentary films on Africa.

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